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NEWS SUMMARY

GENERAL

Students in talks over hostages

Hopes that the Americans being held hostage in Tehran by Iranian students might soon be released rose last night when President Abolhassan Bani-Sadr met three of the students' leaders.

At the same time, President Jimmy Carter cancelled an economic speech in Washington and summoned his National Security Council to discuss developments in the 149-day-old hostage crisis.

Informed reports from Tehran said the U.S. had warned of tough diplomatic and economic retaliation within a few days unless the Iranians moved quickly to resolve the deadlock.

The Iranian President met the students' leaders after a full session of the ruling revolutionary council. Today he is due to address a mass rally to mark the Islamic Republic's first anniversary. Page 4

Heart man dies

Transplant patient Ronald Marney, 50, died at Harefield Hospital, London, two months after receiving the heart of a 29-year-old woman.

Action on waste

Government plans to reduce wasteful spending in the National Health Service and local authority social services were outlined in the Commons by Mr. Patrick Jenkin, Social Services Secretary. Page 8

Food tax

Agriculture Minister Mr. Peter Walker has bewildered EEC officials and diplomats by threatening to impose a unilateral tax on food imports. Page 2

£132,000 award

Stourbridge 21-year-old, who suffered brain damage in a car crash when a schoolgirl, was awarded £132,000 agreed damages at Birmingham. She cannot train for teaching, as she planned.

Arson move

Police investigating arson at holiday homes in Wales said several men were likely to appear in court at Dolgellau, Gwynedd, today.

Rig check

Special safety checks are to be made on a drillmaster rig being converted at Stornaway, Outer Hebrides, which is of the same design as the platform which capsized in the North Sea last week.

Rates rise

Domestic rates in England and Wales will increase by an average of more than 26 per cent, says the Rating and Valuation Association. Page 7

Shah setback

Surgeons who removed the deposed Shah's spleen fear cancer may have spread to his liver.

April weather

Weather during April is expected to remain changeable, with above average temperatures. Forecast, Back Page

Briefly . . .

Jesse Owens, the black American athlete who won four gold medals in the 1936 Berlin Olympic Games, died in Arizona of lung cancer, aged 66.

France is to take in another 5,000 refugees from Indo China, raising its total to 90,000 since Saigon fell in 1975.

Ian Sinclair, Australia's former Primary Industry Minister, is to face nine charges of misconduct in his business affairs.

BUSINESS

Equities rally; Gold up $19

● EQUITIES rallied on hopes of an early end to the steel strike. The FT 30-share index rose 5.5 to 427.0. Golds eased, with the Gold Mines index falling 5.7 to 273.4.

● GILTS also rallied. Shorts improved by up to 7/16 and longs by up to ¾. The Government Securities index was up 0.56 at 64.58.

● GOLD rose $19 to close at $504 in London.

● DOLLAR was very firm, closing at DM 1.9510 (DM 1.9290)

and SwFr 1.8510 (SwFr 1.8250). Its trade-weighted index rose to 90.8 (90.3).

● STERLING lost one cent against the dollar, closing at $2.1640 ($2.1760); but its trade-weighted index rose to 90.8 (90.3).

● WALL STREET was down 0.26 at 777.59 near the close.

● U.S. COMMODITY Futures Trading Commission has started an official investigation into last week's silver crisis. Back Page

● BRITISH GAS has bought the Rough gas field in the North Sea and plans to spend millions of pounds on converting it into a storage tank. Back Page

● CITY has set up a working party to study the feasibility of establishing a U.S.-style interest rate futures market. Back Page

● SHARES in U.S. restaurant and motel chain Howard Johnson re-opened for trading on Wall Street after being suspended for more than two days on doubts about the takeover bid by the UK Imperial Group.

● MAN of West Germany won Danish Government approval to increase its 49.75 per cent shareholding in Burmeister and Wain's diesel interests to 96.5 per cent.

● UK's LARGEST stockjobbing firm Wedd Durlacher Mordaunt plans to buy out its only outside partner, Rothschild Investment Trust. Page 6

● WORLD SALES of new cars will rise by just over 29 per cent from 30.23m this year to 39.07m by 1985, according to a forecast from the Economic Models consultancy group. Production will rise from 31.23m to 40.16m over the same period. Page 5

● EASTERN EUROPE has transformed its 1978 overall trade deficit of $5bn into a $200m surplus last year. Sales to the West went up 23 per cent, according to a UN survey. Page 5

COMPANIES

● OCEAN TRANSPORT and Trading, the Liverpool-based shipping group showed 1979 pre-tax profit of £19.7m, almost double the previous figure. Lex; Back and Page 24

● GLYNWED, the building and consumer products group, reported record pre-tax profits in 1979 of £18.68m (£16.08m) on sales of £345.52m (£316.44m). Page 26; Lex, Back page

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Transport 3pc '78-88	£57¼	+ 1¼
Treasury 14pc 1996 (£50 pd.)	£49¼	+ ¼
Assoc. Biscuits	81	+ 5
Barget	14	+ 3
Beecham	118	+ 4
Booker McConnell	233	+ 6
Bryant	63	+ 3
Camrex	26	+ 3
Davis (Godfrey)	173	+ 6
Eagle Star	173	+ 6
Fed. Land & Bldg.	64	+ 3
Freemans (London SW9)	190	+ 6
Grattan Warehouse	79	+ 6
GKN	258	+ 5
Harris Queensway	186	+ 4
ICI	368	+ 8
Low & Bonar	174	+ 4
Matthews (B.)	310	+ 15
Royal Insurance	320	+ 10
Silkolene	126	+ 8
UDT	58	+ 3
Berkeley Explrtn.	108	+ 6
Charterhall	70	+ 5
Ashton Mining	122	+ 7
Central Pacific Mins.	£19	+ 3¼
Conzinc Riotinto	236	+ 9
Rustenburg Platnm.	193	+ 9
Southn. Pacific Pet.	725	+ 113

FALLS

Howard Tenens	65	− 4
Wigfall (H.)	203	− 7
Attock	198	− 6
Guthrie	875	− 37
Doornfontein	484	− 33
Stilfontein	610	− 28

Union leaders accept Lever inquiry formula

Hopes for steel peace

BY CHRISTIAN TYLER, LABOUR EDITOR

STEEL UNION leaders expect to be able to call off the 13-week national strike over pay by the weekend, following the verdict yesterday of a three-man committee of inquiry which added 1½ per cent to the British Steel Corporation's final offer.

Leaders of the main trade unions involved will today recommend the committee's findings to their governing bodies.

But Mr. Bill Sirs, of the Iron and Steel Trades Confederation, and Mr. Hector Smith, of the National Union of Blastfurnacemen, will have a hard time convincing their rank-and-file to accept a guaranteed national increase of only 11 per cent against the BSC's offer of 10 per cent.

Mr. Smith warned last night that many blastfurnacemen would be reluctant to go back. He could not say he was confident of their response.

The first reaction of ISTC strike leaders around the country was that the award was too little to get the men back to work—a measure of the task facing Mr. Sirs today.

Even with a return to work on Thursday, it could take up to six weeks for ironmaking and most steelmaking to resume. Re-rolling of stock, and electric arc steelmaking—about 20 per cent of BSC's raw steel output—could begin almost immediately.

Ministers, who have successfully kept aloof from the whole affair, seemed privately relieved and satisfied with the outcome.

They argued that the Government's determination to stay out of wage bargaining had been proved to other union leaders, in the face of what has become the longest national strike for decades.

In a unanimous verdict clearly designed to bring the strike to a speedy end without further stretching the loss-making BSC's finances, the inquiry committee, headed by Lord Lever, added 1 per cent to the general increase, and 0.5 per cent to the 4 per cent minimum bonus payment for which steelworkers will qualify once they have negotiated job losses and productivity improvements at works level.

The net effect, if all works clinch productivity deals, will be to raise earnings by just under 16 per cent, compared with the BSC's 14.4 per cent offer. Mr. Sirs claimed that an agreement on pensions and holidays would another 1 per cent, but this was denied by Mr. Bob Scholey, BSC's chief executive.

BSC will have to find about £180m over the next 12 months to meet the bill, virtually all of it from negotiated redundancies and new working practices.

The 130,000 strikers, some of whom have suffered considerable hardship, will have lost about £1,300 each on average, in return for a guaranteed increase in earnings of just over £10 a week.

But if local bargaining produces the results forecast by BSC, earnings would increase by up to £20 a week in some areas.

The strike has cost the BSC over £10m a week on top of its other losses, and the initial loss

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KEY DATES IN THE 13-WEEK DISPUTE

Dec. 3, 1979: BSC offers 2 per cent nationally (fulfilling previous undertaking to consolidate pay supplements) and up to 10 per cent for local productivity. Strike threatened.

Dec. 7: Strike called for January 2.

Dec. 22: National offer increased to 5 per cent in return for suspending guaranteed week payments.

Dec. 28: BSC adds another 1 per cent nationally.

Jan. 2, 1980: Strike begins.

Jan. 7: Len Murray and Sirs ask for 8 per cent, plus 5 per cent "on account" for local productivity. BSC offers 8 plus 4 per cent in advance for one quarter.

Jan. 8: Negotiations collapse on 9 plus 4 per cent.

Jan. 10: Craft union leaders accept outline 10 plus 4 per cent.

Jan. 14: Craft and general union rank and file reject 10 plus 4.

Feb. 22: ISTC and NUB ask for 15 per cent plus guaranteed 5 per cent.

March 5: Joint union claim drawn up for 14 plus 5 per cent.

March 12: Talks collapse after three days. BSC repeats 10 plus 4 per cent final offer.

March 31: Committee of inquiry recommends 11 plus 4.5 per cent (equals 16 per cent compound).

Carter backs budget cuts with 'veto' plan

BY DAVID BUCHAN IN WASHINGTON

PRESIDENT Jimmy Carter yesterday formally sent to Congress his reworked 1980-81 Federal budget, which calls for $15bn (£6.9bn) less public spending than was proposed last January.

His plan would take the budget out of the red for the first time in 12 years.

A balanced budget was the centrepiece of the new economic strategy which Mr. Carter announced on March 14 to deal with an accelerating inflation rate.

Other prime elements in the broad counter-inflation package were consumer credit curbs by the Federal Reserve Board and a tougher application of the President's voluntary incomes policy.

Mr. Carter's economic advisers unveiled new spending cuts which include $2.4bn pared from the current 1979-80 budget. Mr. James McIntyre, director of the budget, said the $15bn expenditure reduction alone would put the 1980-81 budget into a small surplus of $502m. He said estimated receipts from two new proposed taxes — on imported oil and a withholding tax on dividends and interest — would mean a $16.5bn surplus.

Signing the revised budget, Mr. Carter said that if Congress did not go along with a tighter budget he would use his legislative veto. If that too was overridden, he would then seek "a temporary grant of extra-ordinary budget restraining powers."

Spelling out the revised assumptions on which the revamped budget is based, Mr. Charles Schultze, chairman of the Council of Economic Advisers, said the prospect was for higher inflation this year, a 12.8 per cent increase in the Consumer Price Index from the fourth quarter of 1979 to the last quarter of 1980.

Only two months ago, the Administration estimated 10.7 per cent, and though it has shifted its predictions, they have not been all that realistic.

Mr. Carter's advisers seemed confident yesterday that the spending cuts squared broadly with action taken already by the House of Representatives budget committee and corresponding action on the Senate side.

However, the financial markets, looking to the Administration to take an unequivocal lead in the inflation fight, will probably not rest easy until a balanced budget is finally passed.

Mr. William Miller, Treasury Secretary, held out the possibility of a tax cut only when a restrictive budget was passed and if it was warranted by economic conditions later in the year.

Scope for a tax cut exists if the Administration's projected revenue estimates from the two proposed taxes are to be believed.

Dollar up to 2-year high

BY DAVID MARSH

THE DOLLAR rose to its highest overall level for more than two years yesterday, boosted by further increases in U.S. interest rates.

It made sharp gains, particularly against the Deutsche Mark and Swiss franc in spite of further heavy support for their currencies by the West German and Swiss central banks.

With three-month Eurodollar rates reaching a record 20¼ per cent yesterday, both the German and Swiss monetary authorities are coming under growing pressure to increase further their interest rates to defend their currencies.

Sterling again held up fairly well, falling 1 cent to $2.1640 against the dollar but firming against Continental currencies.

Continued on Back Page

Current cost accounting rules agreed

BY MICHAEL LAFFERTY, BANKING CORRESPONDENT

BRITAIN yesterday became the first country in the world to insist on a new inflation accounting system, known as current cost accounting (CCA). The system is prescribed in a mandatory accounting standard issued by the accountancy bodies. It will apply to most listed and unlisted large companies. Any company which fails to comply faces a qualified audit report.

The new accounting system is set out in an accounting standard known as SSAP 16, and will apply to financial statements for all accounting periods ending on or after January 1, 1980.

It has been developed after more than a decade of controversy over the best method of removing the distortions caused by inflation from companies' financial statements, and has the support of the Government.

Historic cost accounts will also continue to be provided for the foreseeable future, but CCA seems likely to become widely accepted over the next few years.

Under the SSAP 16 method of accounting, companies will report much lower profit figures. City stockbrokers Philips and Drew, and W. Greenwell calculates that 1979 reported pre-tax profits of large quoted companies would have been about a third lower under the CCA method.

In 1980 Philips and Drew expects that pre-tax profits will generally be about 40 to 45 per cent lower. As a result, the broking firm says that almost half of the companies affected may be paying dividends which are not fully covered by CCA earnings.

In some cases, the introduction of CCA may encourage companies to declare smaller dividends than they would have otherwise.

It is estimated that the standard will be mandatory for between 5,000 and 6,000 companies in the UK and Ireland. These represent less than 1 per cent of the total number of registered companies.

Transition

However, small companies will also be encouraged to adopt similar provisions, Mr. John Nott, the Trade Secretary, said yesterday that he hoped the transition to current cost methods can be made as rapidly as possible. He gave a warm welcome to SSAP 16.

Although SSAP 16 is a mandatory ruling, the accountancy bodies do not claim that it is necessarily the final answer to the problem of how best to account for changing price levels. They have, nevertheless, concluded that there must now be a period of three years during which no further major changes are introduced.

Mr. Nott said that, while it was recognised that there was a need for a familiarisation period, "the Government hopes that this need will not be unduly protracted, and that, meanwhile, users of accounts will make the fullest possible use of current cost information in their decisions and in assessing company performance."

He went on to say that the Government would be publishing a Green Paper later this year on the matter of inflation accounting and business profits.

Companies affected by SSAP 16 are given three choices on how to account for inflation. Mr. Tom Watts, chairman of the profession's Accounting Standards Committee, predicted yesterday that the vast majority would continue to publish their main accounts on the historic cost basis, and show CCA figures in addition. However, some companies may take advantage of the option to publish their main accounts in CCA form, while publishing certain historic cost figures in addition.

Nationalised industries are covered by the standard, formally ending a situation in which come of these bodies have been making their own highly controversial adjustments for inflation.

Mr. Douglas Morpeth, chairman of the steering group which has produced SSAP 16, said yesterday that the new standard will be the foundation for future development of accounting in the UK. "Current cost accounting represents a major change in the capital maintenance concept underlying the calculation of profit, and enables management to use the method for management purposes to achieve realistic information for decision making.

"This method of accounting does not of itself alter the cash flow of a business; what it does do is provide for management a means of setting aside funds required to maintain the physical assets representing the operating capability of a business in an organised way, and which can be understood by the user in the annual accounts"

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BL agrees to sell MG plant

BY JOHN GRIFFITHS

BL yesterday agreed in principle to sell its MG plant at Abingdon to an Aston Martin-led consortium. The consortium will have an exclusive licence to use the MG name.

A joint statement, issued after talks in London between Mr. Ray Horrocks, BL's managing director, and consortium leaders said: "Both parties look forward to completing the agreement and thereby providing the opportunity for continuity of production and employment at Abingdon."

Mr. John Symonds, Aston Martin's managing director, has said that the consortium would seek to maintain MGB production at the rate of about 600 a week. This should mean that virtually all the 800 work force at Abingdon directly engaged in MG production will be retained.

BL will now halt plans for a Triumph sports car-based model for the U.S., MG's main market, as a successor to the MGB. BL will not now be able to use, as it originally hoped, the MG name on sporting versions of yet-to-be-introduced saloon models, such as the LC 10 and Mini Metro.

Instead, providing the detailed problems of component supply, marketing and financing are resolved the consortium will continue to produce the existing MG model.

The model is to be equipped with BL's "O" series engine. Under U.S. emissions legislation, the existing MGB engine will become illegal at the end of this year.

While BL has done much of the development work to re-engine the existing car, it believes another 12 months is needed to have versions ready for sale. This means there is now considerable urgency for the deal to be finalised if the MG is not to be absent from the U.S. market for months.

The consortium views the "O" series MGB as a stopgap and plans to produce its own, new model within about three years.

BL has agreed, in principle, to guarantee component supplies for the next two years at least. This is vital to the operation. Abingdon has always been only an assembly plant. Bodies are supplied from Pressed Steel Fisher at Swindon, engines from Longbridge and other principal components from Cowley.

While there is yet no formal agreement on marketing, it is almost certain the consortium will wish to conclude a deal for its cars to be sold through BL's 419-strong U.S. dealer network.

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Spain moves to protect ailing banks

BY ROBERT GRAHAM IN MADRID

THE SPANISH Government has approved an important series of legal and financial measures designed to aid banks in difficulties. The principal measure involves a substantial increase in the deposit guarantee fund to protect small depositors.

The measures have been under consideration for almost six months but have faced political and legal hurdles. The Governor of the Bank of Spain, Sr. Jose Ramon Alvarez Rendueles, has been among those insisting on quick agreement.

He was concerned that legislation be approved to meet the possibility of banks announcing losses in their 1979 accounts which must be presented before June. At least four, and perhaps as many as 10 among the 108 commercial and industrial banks are understood to be in such a position.

The deposit guarantee fund was set up in 1977 to guarantee depositors up to Pta 500m ($7.1m) each. It was funded on a one-off basis with contributions from the banks. Under the new mechanism, the sum guaranteed will be raised to Pta 750m ($10.7m) and the fund will be enlarged by the introduction of an annual quota contribution.

This will be on the basis of one per 1,000 of each bank's total deposits. In addition, the Bank of Spain will match the funds coming from the banks. It is understood that the total funding available each year in this form will be some Pta 12bn ($170m).

The enlargement of this fund was considered a more satisfactory means of dealing with banks in difficulties than to continue with the so-called "bank hospital," the Corporacion Bancaria. This was formed in early 1978 on a 50-50 basis between the private banks and the Bank of Spain, with a capital of Pta 500m.

The "hospital" was to administer banks in difficulties, hoping eventually to refloat them and sell them back to the private sector. So far, four banks have been absorbed in this way, plus one subsidiary and only the latter has been sold off so far.

The banks were reluctant to have the Corporacion Bancaria enlarged, arguing that it was difficult to persuade shareholders to fund ailing banks in this way. The more acceptable system was considered to be the enlarged deposit guarantee fund which has been modelled on the American example.

These funds will also aid either the ailing bank to revive or to assist another bank to take it over. The Bank of Spain was anxious that there should be proper legal mechanism to ensure that any banks seeking funds be first fully inspected.

Another change in the law waives previous provisions on necessary quorums and notice to shareholders on the holding of bank boards. As a result, snap decisions can now be made by the shareholders and banking authorities have powers to force the pace.

Turkey seeks arms cash from migrants

BY METIN MUNIR IN ANKARA

TURKEY HAS devised an unorthodox method for securing funds to buy arms. Nearly 800,000 of its expatriate workers are being offered the option of buying their way out of compulsory military service.

The price is the equivalent of 440,000 Turkish lira (£2,840) in the currency of the country where the worker is employed.

The funds will be deposited with the central bank, exclusively for importing military equipment.

Mr Suleyman Demirel, the Prime Minister, appears to believe the option will be taken up by the majority of workers. He said he expects an annual inflow of DM 800m (£194m) under the new law, published on Sunday.

Mr Demirel gave the estimate in Deutschemarks because 75 per cent of Turkish expatriates work in West Germany.

"Before anybody helps us," said Mr Demirel, "we have to show that we are doing our utmost to help ourselves."

Turkey's defence import requirement is estimated at $900m (£412m) this year.

The three-year embargo on the transfer of U.S. military equipment to Turkey, which was lifted 19 months ago, and the country's acute balance of payments problems have reduced the army's effectiveness to an alarming extent.

This is underlined in a recent U.S. Congress report on Turkey: "The Turkish armed forces have been weakened to the point where they would find it difficult to fulfil their NATO responsibilities.

"U.S. officials estimated that nearly 50 per cent of Turkey's military equipment is in need of repair and is difficult to operate."

Mr. Suleyman Demirel

To apply for military service exemption, workers will be required to provide foreign resident and employment certificates for at least a year. Payment in instalments is possible.

Workers will be subject to two months' basic training, instead of serving the full 20 months and facing loss of employment.

● Turkey's trade deficit grew by a record 164 per cent in the first two months of this year. It reached nearly $538m, according to preliminary official statistics.

Imports were $1,006m, an increase of more than 50 per cent. The figures reflect the Government's desire to increase the inflow of raw materials and intermediary goods to boost manufacturing capacity.

Exports grew by a minimal 1.1 per cent, reaching $470m.

In view of credit commitments from Western states and institutions, the Government expects minimum imports of $7.5bn this year and may go as high as $7.9bn. Imports last year totalled $5.2bn.

Commission calls off Comecon talks

By John Wyles in Brussels

RELATIONS between the EEC and the Council for Mutual Economic Assistance (Comecon) are set to enter another chilly phase following a move by the European Commission to call off top level talks due this month on a working agreement between the two organisations.

Exchanges between the two have featured a great deal of verbal jousting, shadow boxing and little progress since they began in February, 1975. In essence, Comecon has been concerned to regulate the EEC's bilateral trading arrangements with East European countries.

The Community has consistently refused to accept this, arguing that Comecon does not have organisational powers over its members comparable to that of the European Commission over the Nine and that to allow Comecon competence over East-West European trade matters could mean increasing Soviet control over its satellites.

After a long lull in negotiations, Mr. Wilhelm Haferkamp, the Commission's vice-president responsible for external relations, tabled some "compromise" EEC proposals in Moscow last November and agreed to meet Mr. Nikolai Faddeev, the Comecon Secretary-General, for further talks here this month.

In the meantime a group of "experts" has been trying to assemble a draft agreement during meetings in Geneva. However, so little progress has been made that Mr. Haferkamp has now told Comecon that he sees little sense in holding a meeting at senior political level this month. The Commissioner complains in his letter that Comecon has not offered any clear sign of movement towards the EEC's position.

Last November in Moscow, the EEC went much further than before in indicating that it was willing to include in any agreement with Comecon some of the basic principles which should govern its bilateral trading arrangements with Comecon countries.

The Community said it would agree to include a statement that agreements with individual Comecon members should cover most favoured nation treatment, the removal of obstacles to imports, safeguard provisions and general trade arrangements.

The Community did not, however, alter its basic position that substantive trade matters should be dealt with bilaterally with individual Comecon countries.

UK heads for budget 'reversal'

By Margaret Van Hattem in Brussels

BRITAIN APPEARS to be heading for legal confrontation with the EEC Commission about whether it has the right to pay more, not less, into the Community budget as part of a move to promote British food exports.

EEC Farm Ministers meeting in Brussels last week turned down a demand by Mr. Peter Walker, the UK Minister, that he be allowed to introduce immediate import taxes and export subsidies in British food trade. This would offset the strength of the rising pound and would prevent UK prices from falling.

Mr. Walker, in a statement to the House of Commons yesterday, said he had refused to allow the extension of an EEC regulation which would block this move. Should he carry out his threat, made last week, to attempt to introduce the subsidies and taxes (known as monetary compensatory amounts) unilaterally, a legal battle with the Commission would appear inevitable.

Both the Commission and the other Governments insist that in the absence of a regulation, the Commission has ultimate authority.

The irony of the situation, which is not lost on Britain's EEC partners, is that the new MCA's proposed by Mr. Walker would probably increase Britain's net contribution to the Community budget.

The recent rise of the pound should under normal circumstances, cut the price of food imported—welcome news for Britain, which imports twice as much food from the EEC as it exports, and three times as much from non-EEC countries as it exports.

But Mr. Walker is insisting that British consumers continue to pay the old prices. The difference should be paid, in import taxes, into the EEC budget.

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Norway silent on drilling north of 62nd parallel

BY FAY GJESTER IN OSLO

NORWAY'S Labour Government has refused to still widespread speculation that the capsizing of the Alexander Kielland oil rig last Thursday night could force postponement of exploration drilling off North Norway which is due to begin in mid-May.

Mr. Odvar Nordli, the Prime Minister, refused to answer a direct question on the subject at the weekend, and Mr. Bjartmar Gjerde, the Oil Minister, has been equally tight-lipped. Yesterday the Prime Minister's personal assistant claimed that the Government had not even considered the issue since the rig capsized.

One report on Norwegian radio yesterday had suggested that the Government intended to await the findings of the committee of inquiry into the accident before finally making up its mind on the drilling issue. This, it said, would mean a delay until the summer of 1981.

The committee of inquiry yesterday made its first inspection of the severed leg of the rig, now lying at anchor in Stavanger harbour under police guard. It is hoped that a study of the 40-metre-long cylinder may indicate how the break occurred. A thorough inspection will not be possible, however, until the leg can be lifted out of the water.

Norwegian police have voiced concern at the inadequacy of personnel records which made it difficult to discover exactly who was on the oil platform Alexander Kielland when it capsized in the North Sea last Thursday night.

There had apaprently been several warnings in the past of the need to improve record-keeping, precisely because of the possibility of a serious accident and the cruel uncertainty this created when personnel records were incomplete. The victims in the disaster were employees of a score of companies.

Norway's Trade Union Congress is expected to demand high compensation for the families of union members who were killed. Mr. Karl Nandrup Dahl, a TUC lawyer, said claims might total around $10m, making about $100,000 per family. He also said compensation awards must be uniform, and not depend on the insurance arrangements made by individual employers.

Oslo wins Statfjord gas option

BY FAY GJESTER IN OSLO

THE NORWEGIAN state has secured the option to buy all the natural gas liquids which can be extracted from the Anglo-Norwegian Statfjord field, according to an Oil Ministry official.

Details remain to be negotiated between the Government and the Statfjord group. But by gauaranteeing future feedstock supplies, the agreement in principle opens the prospect of further expansion for Norway's petrochemical industry.

Three Norwegian oil companies—Statoil, Norske Hydro and Saga—are partners in the East Norwegian Rafnes petrochemical complex, built to exploit NGL supplies from Ekofisk.

All three are interested in securing a share of the Statfjord gas and have already put forward tentative plans for its use.

The site for a new petrochemical plant would almost certainly be West Norway. The Statfjord gas could come either by tanker from a European or UK terminal, or direct by pipeline, together with the "dry" gas from Statfjord.

Hydro said last week its experts had studied the feasibility of laying a gasline from Statfjord to Mongstad, in West Norway, where it and Statoil jointly own a refinery.

The experts concluded a line could be laid, despite the rocky seabed near the coast, by putting the pipe in a 20-kilometre tunnel over its final stretch. A final conclusion was expected later this year.

French bid to curb bank credit

BY TERRY DODSWORTH IN PARIS

THE FRENCH Government has introduced a fresh batch of measures to tighten its grip on the growth of bank credit, following signs that the money supply is beginning to expand much more quickly than forecast this year.

The new measures will not please the banks, which have fed a consistent campaign against the system of credit-control ceilings on the grounds that these restrictions reduce their freedom of action.

The Government has made it clear it believes the control system is a key weapon in its fight against inflation. M. Raymond Barre, the Prime Minister, said recently the banks would be subject to continual surveillance this year, to limit monetary growth to the official target of 11 per cent.

Under the credit ceiling system, growth in lending is limited to a proportion of the previous year's figures. Some categories of lending have been excluded from this rigid regulation, and the Government's main efforts in limiting the expansion of money supply so far have been re-integrating parts of the de-controlled sector.

Earlier this year, the authorities announced that, from May, the level of re-integration would be brought up to 50 per cent on these free-lending categories, which include export credit, lending for energy-saving equipment, and for savings towards house-buying.

The latest move brings house-buying credit entirely back into the controlled sector from today. It has also scaled down the growth that will be allowed in the expansion of lending in the controlled sector, and has blocked any progression at all for the big banks in the summer. A particularly heavy brake is being put on hire-purchase lending.

Challenge to Mitterrand grows

BY DAVID WHITE IN PARIS

THE CHALLENGE to M. François Mitterrand for the French Socialist Party's nomination in next year's Presidential elections, is gathering strength.

In what is beginning to take the form of a real "primary" contest, M. Pierre Mauroy, Socialist Mayor of Lille, and chief of the party's powerful section in the industrial north of France, has given his formal backing to the candidacy of M. Michel Rocard.

M. Mauroy and M. Rocard are the two main figures in the Socialist "minority" which emerged at the party's congress last April, leaving M. Mitterrand relying on the support of the left-wing "Ceres" group to hold down a majority.

RsilocvaiSt been

The Socialists are not due to name their candidate until towards the end of the year. M. Rocard said in a radio interview he was not a candidate for the candidacy, without convincing anybody that this was the case.

M. Mauroy, pledging the backing of his group for M. Rocard, said the party should logically have become more united because of the recent pro-Soviet and anti-Socialist line taken by its former ally, the Communist Party.

But the party leadership had not tried to form a consensus. Instead, it had floated the idea of an alternative candidate—M. Pierre Joxe, the party treasurer.

The mooted candidacy of M. Joxe, close to M. Mitterrand and the party's Left, and therefore in the opposite camp from the more moderate tendencies such as M. Rocard's, is suspected of being a diversion tactic which would simply aggravate the party's divisions and allow M. Mitterrand to re-impose himself later as the only man capable of keeping the party together.

Hungary's radical changes mark the end of an era

BY PAUL LENDVAI IN BUDAPEST

HUNGARY'S top leadership has been completely changed in the surprise reshuffle which came at the end of last week's Communist Party Congress. Five of the 15 Politburo members, and 28 of the 118 Central Committee members who were elected at the Congress five years ago, along with two of the seven secretaries of that body, have now been removed.

The reshuffle involved some of Mr. Kadar's oldest associates. They included Mr. Jenoe Fock, a former Premier and the number two man in the Party until April 1978; Mr. Bela Biszku, the current President of Parliament; Mr. Antal Apro, the editor of the central Party paper; Mr. Dezsoe Nemes, at 72 the oldest high official and the only one who spent the war years in Moscow; and one of the country's ablest economists, Deputy Premier and Planning Chief, Mr. Istvan Huszar, 53.

Mr. Janos Kadar . . . undisputed leader

These removals and the simultaneous promotion of three younger leaders completed the most radical personnel changes to have taken place at the top since Mr. Kadar took on the post of First Secretary after the crushing of the Hungarian uprising in November 1956 by the Red Army. None of the men who joined him in a completely new team then is still in the Politburo or the Secretariat. The membership of the Politburo has now been reduced from 15 to 13, and the average age is now 56.7 years as against the pre-congress average of 59.7 years.

Dr. Mihaly Korom . . . trusted follower

The three newcomers are trusted followers of the party chief. Mr. Ferenc Havasi, 51, is a professional party official who has been in charge of economic policy since 1978. His appointment reflects a clear victory for the advocates of a cautious reform policy. Mr. Lajos Hehes, 53, is the Budapest party chief, and Dr. Mihaly Korom, also 53, has spent most of his career in the military-security apparatus.

Mr. Ferenc Havasi . . . professional official

The changes not only underline Mr. Kadar's pre-eminent position as the undisputed number one figure in Hungarian politics. The reshuffle was also necessary at a time when the ruling party and the entire country are braced for yet another strong dose of austerity. Mr. Kadar needs both capable and reliable people around him if he wants his risk policy of retrenchment to work.

The Hungarian party leadership was shaken by factional battles in the early 1970s between all-out reformers and a hard-line, dogmatic wing which at one point successfully intrigued in the Kremlin against the policy of economic reforms and cultural diversity. After a series of concessions which cost some reformers their jobs and the country some supply difficulties, Mr. Kadar regained the initiative, saved the substance of his policies and isolated the hard-liners.

The final blow came in April, 1978, with the pensioning off of Mr. Bela Biszku, the second most powerful man in the Party and the official controlling both the Party appartus and the security-military machine. Other lesser known hard-liners were also quietly shifted to less sensitive jobs or themselves managed to leave the sinking ship in time.

In this sense, last week's Congress only confirmed in a formal way the shifts in the balance of power which had taken place earlier. But Mr. Kadar had taken great care to avoid even the semblance of a purge. All casualties on the Left and Right of past political conflicts sit side-by-side in the new Central Committee. But there are also 32 new faces among the 137 members elected last week. Three out of four of the 812,000 Party members joined the Party after the 1956 upheaval.

In a very real sense, therefore, the 12th congress also marks the end of an era. As publicly stressed by Professor Jozsef Bognar, the noted non-Communist economist, never before has a Party Congress so clearly recognised the primacy of economics, the dependence on the successful functioning of the country's economy. Never before have managers and welders, collectivised peasants and engineers, young students and local officials so candidly and so thoroughly discussed the economic plight of their resource-poor country.

It is enough to compare the reports submitted by Mr. Kadar at the 1975 Congress and at last week's gathering to see that things have changed sharply for the worse. Five years ago the Party leader reported that per head real incomes between 1970-75 had risen by 25 per cent and would increase by a further 23-25 per cent by 1980.

Last week he had to admit that the increase was merely 9 per cent and will be 6 per cent at the most during the forthcoming five-year Plan. This means that after two years of falling real wages, the population is faced at best with five years of stagnating living standards.

Despite repeated pledges made about job security and full employment, even Mr. Sandor Gaspar, the union leader, had to warn publicly that "tens of thousands" have to be redeployed, that the economy cannot afford not to have available and scarce labour utilised fully.

What both Mr. Kadar and Mr. Gaspar did not spell out is the fact that Hungary, like other Eastern bloc countries, is plagued by rampant bureaucracy. The vast Party apparatus is exactly duplicated among the unions, youth, women and popular front organisations, which have thousands of better-paid officials often hampering rather than encouraging efficiency.

Adapting to world market prices, moving to a more differentiated wage system, allowing social differences to widen and giving impetus to private initiative all threaten social conflicts. But Mr. Gyoergy Lazar, the Premier, candidly admitted these and other dangers, and warned that there was no realistic alternative but retrenchment and restoration of external and internal economic equilibrium.

The medium-term prospects appear relatively gloomy, and Mr. Kadar has cleared the decks in anticipation of further tensions. With men absolutely loyal to him, and with the Kremlin again recognising that only his subtle "live and let live" policy can guarantee stability and calm, the veteran Hungarian leader can now afford to pay a higher political price for the success of his daring economic strategy.

EEC aid director begins visit to Rhodesia

By Quentin Peel in Salisbury

A EUROPEAN Community aid programme for Rhodesia is likely to be drawn up by M. Claude Cheysson, the Commissioner for Overseas Co-operation, who arrives here today.

The post-war reconstruction of services in the rural areas, the resettlement of refugees, reopening of transport and communication links and training, could all be funded from the EEC funds set aside for aid to developing countries.

European officials say M. Cheysson is keen to support the Rhodesian reconstruction effort, although the new government has only just applied to join the Lomé Convention.

Funds are available for non-associated states, with 15m European units of account available for African countries, of which perhaps a third might go to Rhodesia.

Further sources of aid could be available for the repatriation of refugees, and assistance for charitable organisations involved in the effort.

M. Cheysson will be spending two days in Rhodesia, during which time he will see Mr. Mugabe, the Prime Minister, Lord Soames, the British Governor, and the most relevant ministers, including those responsible for foreign affairs, finance, agriculture and commerce and industry.

He leaves Salisbury for the Mozambique capital, Maputo, on Thursday, where he will hold talks on EEC aid for that country.

David Dodwell, recently in Bangkok, analyses Gen. Prem's problems

Old divisions confront Thai regime

THAILAND'S NEW Prime Minister, Gen. Prem Tinsulanonda, has gathered an impressive coalition of political, military and business leaders to tackle the economic problems which helped unseat his predecessor, Gen. Kriangsak Chomanan, just over four weeks ago.

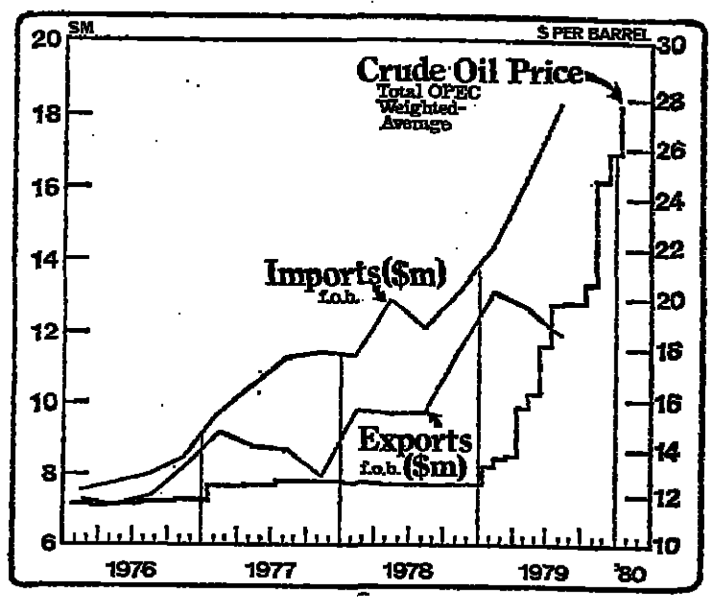
But his Government is the fourth for Thailand in 15 months, a record of fragility which will make it all the harder to impose the tough policies expected of him. He will also have to manoeuvre knowing that there is a risk of the Indochina conflict spilling across Thailand's borders.

Thailand has distinct economic advantages. It is the world's largest rice exporter after the U.S., and is self-sufficient in food. The economy has grown at an impressive 7.2 per cent a year since 1960, with inflation until recently averaging only 4 per cent a year.

But inflation is now heading towards 20 per cent, while the balance of payments has slumped deep into the red—to Baht 37bn (£820.4m) in 1979 and a projected Baht 60bn (£1.33bn) this year. Interest rates of between 18 and 20 per cent have stalled commercial and manufacturing investment, which has averaged 11 per cent growth every year over the past decade. And a severe drought has damaged this year's rice crop—the most important single source of foreign exchange.

Economists feel Gen. Kriangsak's Government was following the most sensible course open to it. But when unpopular decisions had to be made—primarily on 25 to 50 per cent increases in the price of oil products—Gen. Kriangsak lacked the power to implement them.

Gen. Kriangsak's Government was threatened with strikes and street demonstrations. Few in Bangkok have forgotten the street violence which led to the fall of Governments in 1973 and 1976.



Gen Kriangsak brought Thailand back from the brink. His gentlemanly resignation broke with a long tradition of violent political change, stunning even his most ferocious critics.

He pre-empted the strikes and demonstrations. He may also have prevented yet another military coup. The army leaders, to their credit, have now for the first time made a commitment to democratic and peaceful change, a commitment which has encouraged political commentators.

Gen. Prem, a career soldier, supreme commander of the armed forces and by all accounts a reluctant recruit to politics, has risen to power on a tremendous groundswell of support. He admits he knows nothing about economics, but with Mr. Boonchu Rojanasthien as his Deputy Prime Minister with responsibility for economic affairs, he has as strong an economic team as Thailand could hope for.

Mr. Boonchu, head of the leading Bangkok Bank, has the confidence of Thailand's commercial and banking barons. He is no stranger to power, as he was Finance Minister in the mid-1970s in the Government of Mr. Kukrit Pramoj.

Mr. Boonchu's first step is likely to be to cut the price of oil products. That will require huge subsidies (Gen. Kriangsak spent Baht 800m in the latter half of 1979 trying to stave off oil price increases), which will dig deep into Government funds.

The priority after that will be rural development — a priority Gen. Kriangsak shared in his "year of the farmer" in 1979. Mr. Boonchu aims to "flood" the rural economy with resources, to narrow the gap between the rural poor and the metropolitan minority.

A member of Mr. Boonchu's "think tank" confided: "A commitment to improving conditions in the countryside can only be made at the expense of people in the city. Our policies are likely to raise squeals of protest from Bangkok, but people there have just got to face facts. They have depended for too long on the sweat and tears of the rural poor, and they can't go on doing it any longer."

Heavy spending on better roads and railways is likely. Farmers are likely to win support for higher prices at the farm gate, as well as money for equipment, fertiliser and seed. There will be incentives for agro-industry, while, in the short term, the Government has promised support to farmers.

All these policies will cost money, and the options of raising direct or indirect taxes on businesses or private citizens are clearly likely to arouse protest among the volatile urban lobbies, which mostly comprise students and labour.

Mr. Boonchu advocated such policies in the mid-1970s. The ensuing street demonstrations brought Mr. Kukrit's Government to its knees. The urban lobbies also paralysed Gen. Kriangsak's plans to give the rural poor a "better deal."

Gen. Prem's coalition comprises representatives of every parliamentary group. Every party thus has an interest in his success.

But, if he fails, the alternatives are few. Significantly, Mr. Kukrit, one-time Prime Minister and head of the Social Action Party, has refused office in Gen. Prem's Government. He clearly sees his main chance as still to come, and until then feels disinclined to play second fiddle to anyone.

There is also speculation that Gen. Kriangsak may try to return to power after a period of licking his wounds. His statesman-like resignation won him widespread acclaim and greatly improved his faltering political reputation.

If all these options fail, the Army might once again take power. But most hope it will never come to that—not least the Army itself. The strain on the economy and on regional stability could be disastrous. If stability is to be restored, it may be crucial that Gen. Prem succeeds.

Black states aim to break S. Africa economic links

BY MICHAEL HOLMAN IN LUSAKA

PRESIDENTS and Ministers from nine southern Africa states meet in Lusaka today to plan their countries' "economic liberation" from South Africa at a time when their need for the white-ruled Republic's food, transport and other resources has seldom appeared so stark.

The summit is a follow-up to a "Southern Africa Development Co-ordination Conference" held in Arusha, Tanzania, last July. Sir Seretse Khama, Botswana's president, set the theme of the Arusha talks in his opening address. It was the launching, he declared, of "a new type of struggle for liberation—economic liberation."

The principal objectives, he went on, were to reduce dependence on South Africa and integrate the economies of the participating states.

Zambia, Tanzania, Mozambique, Botswana and Angola—the Front Line states which took the initiative in setting up the Arusha meeting—are to be joined in Lusaka by Lesotho, Swaziland, Malawi and Zimbabwe.

Among the items on the agenda are expected to be:

● A proposal to establish a Southern Africa Regional Transport and Communications Commission, which would oversee attempts to develop a network independent of South Africa's railways and ports. Tentative estimates in Arusha suggested that some $1.5bn would be needed over 10 years;

● The creation of a Southern Africa Development Bank, which could initially be administered by the Africa Development Bank;

● A suggestion that aid to member-countries be co-ordinated on a regional basis;

● A regional food policy, including efforts to set up reserves of basic commodities;

● Pooling of mining, industrial, agricultural and energy expertise.

Sceptics will be quick to point out the inauspicious circumstances under which the African leaders are coming together.

The host-state would face starvation without over 100,000 tonnes of maize from South Africa, needed after a disastrous 1978-79 harvest which owed as much to the shortcoming of Zambia's agricultural policies as to bad weather. This year's crop is again poor and South African imports will continue for months ahead.

Zambia also needs the republic's ports to export nearly half its copper, source of 95 per cent of export earnings, while its run-down railway system has 12 South African locomotives on loan.

Lesotho, Botswana and Swaziland have been described as South Africa's economic hostages. Zimbabwe's new Premier, Mr. Robert Mugabe—who is expected to attend the summit—has made it clear he is no more able to break off trade and transport ties with the south than is President Samora Machel of Mozambique.

President Kaunda of Zambia and Mr. Robert Mugabe: difficulties ahead.

Neither Angola nor Tanzania depend economically on the South, but their transport problems have a serious effect on their neighbours.

To the north, the Tanzania-Zambia railway (Tazara) remains chronically inefficient, as does the outlet port of Dar-es-Salaam.

All main members of the group are in serious economic difficulties. Zambia is struggling to recover from years of depressed copper prices and the cost of the economic and military war with Rhodesia.

Tanzania is in the throes of her greatest financial crisis since independence, brought on in part by her involvement in the Uganda war, but also because of rising oil prices. The governments of Angola and Mozambique are both battling to restore their country's economies to pre-independence levels.

Nor do past efforts at regional co-operation offer much encouragement. The East Africa Economic Community folded in 1977 and the border between Kenya and Tanzania remains closed.

Frequent pledges of economic co-operation between Zaire, Angola, Zambia and Mozambique have made scant difference—partly because they have little to offer each other in the way of industrial or manufactured goods or food.

It is this combination of the weaknesses of Black Africa's economies and the Republic's existing economic penetration that makes South Africa believe it can dominate a "constellation" of Southern African states.

Black Africa's gut reaction has been a vigorous rejection. What may emerge from Lusaka is a carefully considered alternative strategy, based on the Arusha conference and subsequent discussions.

The belief of at least some African officials, who acknowledge the weaknesses of their economies, is that the objectives of "economic liberation" can be pursued without embarking on a confrontation course with South Africa.

Jurek Martin reports from Milwaukee on today's Wisconsin primary vote

Kennedy goads his absent opponent

THE CONTRAST between the two heavyweights in today's Wisconsin Democratic primary could not have been sharper.

On Sunday night, in Serb Hall, Milwaukee's Mecca for political rallies, Senator Edward Kennedy was laying it on for all it was worth, elongating his already extended Boston vowels, roaring into the microphone his lamentations about inflation and what he calls the Administration's "surprising" foreign policy, nodding his head in agreement with himself, whenever he delivered a good line, baiting President Jimmy Carter, goading him to come out and fight and prove that he, too, was a good Democrat in the tradition of Roosevelt, Truman and John Kennedy.

When his old friend, the Rev. Walter Fauntroy, the District of Columbia's non-voting Congressman, put his high tenor to staggering use in an amazing rendition of "to dream the impossible dream," Serb Hall erupted like an old-fashioned revival meeting.

Earlier, it had been the *President's turn. In an interview* with the Milwaukee Journal and in remarks by his press secretary, Mr. Jody Powell, the weapon was more the counterpunch than the thunderous swing. Senator Kennedy, the President said, was prone to "demagogue the issues," was guilty of misleading the public with simplistic, though politically attractive, solutions for inflation, and was advocating polices that could destroy the peace process in the Middle East. (The Kennedy retort was: "I'm a Democrat, not a demagogue.")

Mr. Powell was solemn, even plaintive. Senator Kennedy, he said, not the President, "is the one who has some explaining to do about the variety of positions he has held on issues."

The Senator must, Mr. Powell went on, explain how in Iowa in January he could state that any threat to the Gulf's oil supplies meant "war" and how a few weeks later in Massachusetts he could proclaim that no American blood should ever be spilled in the Gulf, to help top up petrol tanks at home. But underlying Mr. Powell's critique was, for him, a palpable worried defensiveness.

Senator Kennedy

This is understandable, for the stakes are high here in Wisconsin and in Kansas to the south—and not just for Mr. Carter and Mr. Kennedy. Wisconsin, in particular, is yet another critical test for Mr. John Anderson and Mr. George Bush as they try and stall the Ronald Reagan juggernaut. It may determine whether Mr. Anderson takes the third party route into the general election; it is Governor Jerry Brown's last throw.

But, above all, it is the big test, far more significantly psychologically than in the number of convention delegates that will be chosen, or whether the defeats last week in New York and Connecticut signalled the first unravelling of President Carter's campaign for re-election, or whether those two results were but an aberration.

Wisconsin is a state that has often been kind to liberals. Although it produced the unlamented Senator Joseph McCarthy, its tradition is better reflected as the home of LaFollette's Progressive Party earlier in the century.

More recently, it gave electoral lifts to Eugene McCarthy in 1968 and George McGovern in 1972. Four years ago Congressman Morris Udall went to bed on primary night thinking he had upset Jimmy Carter only to wake up a few hours later to find he had narrowly lost.

It is the home state of such prominent liberals as Congressmen Henry Reuss and Les Aspin (both Kennedy backers) and of that independent-minded pair of Senators, William Proxmire and Gaylord Nelson.

Wisconsin has also the most open form of primary voting. All the citizen has to do is register on election day prior to casting a ballot on either the Republican or the Democratic side. Thus, the whole state is a politician's oyster in the primary season.

This complicates matters inasmuch as the three perceived liberals, Mr. Kennedy, Mr. Anderson and Mr. Brown, are all pursuing the same bloc. Any of the three can be hurt by the success of another, which explains why, perhaps, the sharpest war-within-a-war is being waged between Mr. Anderson and Mr. Brown, one a Republican, the other a Democrat, with the latter clearly seeing the liberal Republican Congressman eating away at his natural constituency among the state's 200,000 university students.

Mr. Anderson, who has also been drawing good crowds, by the same token probably stands to lose most by a Kennedy revival. He is publicly not ruling out a third party candidacy in the general election if his own party's nomination is denied him.

Privately, he is saying that if he gets under 25 per cent of the vote here, he will carefully re-assess what he should do next. The same hard choice will face Mr. Bush if he comes up short here.

Democrats in Wisconsin will select 75 delegates, Republicans 34. In Kansas, where 37 Democrats and 32 Republican delegates will be chosen, Mr. Carter and Mr. Reagan, who over the weekend picked up the endorsement of Mr. Robert Dole, the Kansas Senator and erstwhile candidate, are considered the favourites, though again the President's once-big lead may have dwindled.

Carter summons security advisers on Iran

BY DAVID BUCHAN IN WASHINGTON

PRESIDENT CARTER yesterday summoned his National Security Council to discuss latest developments in the Iran crisis, cancelling an economic speech he had been due to give in the wake of the 1980-81 budget announcement.

There was still a state of high uncertainty yesterday, following a baffling weekend of claim and counter-claim over contacts between Washington and Tehran about the hostage deadlock.

But the White House finally conceded that two messages had been sent in the past week to President Abol Hassan Bani-Sadr of Iran. Mr. Jody Powell, the President's Press Secretary, insisted that no conciliatory overtures—of the kind claimed by Iran and published in Tehran as the purported text of a letter from President Carter—had been made.

Instead, there were reports that the messages to President Bani-Sadr contained toughly *worded warnings of economic* and diplomatic retaliation, perhaps in the next few days, if Iran did not take speedy steps to resolve the deadlock over the hostages.

The most likely Administration move would be to issue formal trade sanction orders against Iran. Trade with Iran has been at a standstill since the U.S. freeze of Iranian assets in November made payments difficult and the largest trade union of American dockers refused to load ships for Iran.

But the promulgation of formal sanctions orders, prepared weeks ago but held in abeyance, would be meant as a *symbol of U.S. determination to* tighten the economic screws on Iran.

Under the threat of U.S. action, there are reports of possible progress from Tehran. While the New York Times reported President Bani-Sadr as saying he had been given an "ultimatum" by Mr. Carter, Mr. Sadeq Qotbzadeh, the Iranian Foreign Minister, said over the weekend that the hostages must be soon removed from the custody of the militants in the embassy to that of the Government.

Meanwhile, the Supreme Court yesterday refused to block the deportation of Iranian students illegally resident in the U.S. This was a move that President Carter had ordered for those Iranians whose papers were not in order. The Confederation of Iranian Students had sought an injunction against the Immigration and Naturalisation Service.

President Bani-Sadr: reply to Carter

Malaysia shows 8.5% growth

BY WONG SULONG IN KUALA LUMPUR

THE MALAYSIAN economy grew by 8.5 per cent last year, following a surge in exports, Bank Negara, the country's central bank, reported yesterday.

In its annual report, the bank said growth for this year was expected to be about 7 per cent because of the depressed state of the world economy.

Growth in the economy last year was fairly evenly distributed, with a strong recovery in agriculture, which grew by 4 per cent, and strong growth in the mining, manufacturing, construction and services sectors, which expanded between 12 and 15 per cent.

Exports shot up by 40 per cent to Ringgit 23.8bn (£4.8bn) while imports rose by 30 per cent to Ringgit 17.2bn (£3.5bn) giving a trade surplus of Ringgit 6.5bn (£1.3bn) — a record.

After paying for services and accounting for capital outflows, Malaysia's balance of payments showed a hefty surplus of Ringgit 1.3bn.

At the end of last year, Malaysia's foreign exchange reserves stood at Ringgit 9.2bn, an increase of Ringgit 1.8bn.

The central bank said all the country's five major commodities—rubber, crude oil, timber, palm oil and tin—enjoyed a boom.

Rubber remained the top exporter, netting Ringgits 4.5bn, a 27 per cent increase. It was followed closely by petroleum, the value of which rose by 82 per cent to reach Ringgits 4.2bn.

Exports of timber (both logs and sawn timber) rose 65 per cent to reach Ringgits 4.2bn, while palm oil (including kernel oil) exports increased by 31 per cent to Ringgits 2.8bn. Tin exports rose moderately by 13.6 per cent to Ringgits 2.3bn.

On the country's economic prospects this year, the central bank pointed out that it would be difficult to insulate the economy completely from the adverse influences arising from world inflation and recession, considering the crucial importance of trade to Malaysia. Exports are expected to increase moderately, and the main stimulus for growth would come from within the domestic economy, particularly from increased consumption and private investments.

The most worrying aspect is inflation, which is expected to increase substantially. Last year's inflation was officially put at 3.6 per cent. but non-Government economists feel the rate was about 7 per cent.

AP adds: India will seek to strengthen its relations with members of the Association of South-East Asian Nations through an ASEAN-India dialogue, Mr. V. B. Soni, Indian Acting High Commissioner in Kuala Lumpur, said yesterday.

Jamaica starts talks on debt deferment

KINGSTON — Mr. Michael Manley, the Jamaican Prime Minister, said the island has started negotiations with its major commercial creditors for a five-year deferment of $186m (£85m) in short-term debt due for repayment by 1985.

Mr. Manley was outlining measures designed to provide an alternative economic path for Jamaica, after cancelling negotiations with the International Monetary Fund for balance of payments support last week.

"We are conducting negotiations with our major commercial creditors to shift this payment to the 1985-90 period," he told a Press conference.

Jamaica's total commercial debt is $1.3bn.

Debts to the IMF and other institutions, and Government-guaranteed debts, would also be renegotiated.

Mr. Manley said the measures included increasing bauxite and alumina production by bringing existing plants to full production and creating a state-owned plant in co-operation with other countries.

Other measures included energy conservation and development programmes, *rationalising raw materials* imports, developing a spare parts industry, and financing capital good imports through export credits from Socialist and Western countries.

Tehran's reply to U.S. expected today

BY SIMON HENDERSON IN TEHRAN

THE BASIS of Iran's reply to the disputed letter from President Jimmy Carter to Ayatollah Khomeini is expected to come today when President Abol Hassan Bani-Sadr addresses crowds in Tehran celebrating the first anniversary of the establishment of an Islamic Republic.

Ayatollah Khomeini is not *expected to make any reply* himself. His son told a Tehran newspaper yesterday that the Iranian leader would not be answering President Carter's message.

President Bani-Sadr's comments will be taken as an answer to the diplomatic offensive apparently orchestrated by the U.S. despite its confused denials of the authenticity of President Carter's letter, and the various messages sent by the European Community countries and Japan.

The tone of President Carter's supposed message was apparently conciliatory. But the Iranian president will probably respond to a second message sent last weekend in which the U.S. apparently delivered a virtual ultimatum that if the hostages were not released or transferred to Government custody, a break in relations and formal economic sanctions would follow. America's European allies would, it is believed, be expected to follow suit.

There has been no confirmation in Tehran of a report that the ruling Revolutionary Council has already approved the plan that the Government should take over custody of the hostages by a vote of seven to six.

Such a vote is unlikely because the majority of one seems to lack authenticity. The council is known to be split on the issue with President Bani-Sadr and Mr. Sadeq Qotbzadeh, the Foreign Minister, leading those for.

Also the 14th member of the council, Mr. Ali Akbhar Moinfar the Oil Minister, is away in Libya and his presence would probably be demanded for the vote.

Anyway such a Government decision, which includes the prospect of using force, would need the approval of Ayatollah Khomeini if it is not to lead to adverse public reaction. The Ayatollah has always previously said the issue has to be decided by parliament which is not expected to meet until the end of May at the earliest.

Argentinian N-plant approval likely soon

BY ROGER BOYES IN BONN

SENIOR West German Ministers are expected to give the go-ahead soon for the controversial delivery of a nuclear power station to Argentina after apparently receiving adequate assurances about safeguards.

But the deal, clinched shortly after a visit to Argentina by Count Otto Lambsdorff last year, remains an extremely *delicate issue. The safeguard* guarantees offered by Argentina are understood to be within the so-called London guidelines of the International Atomic Agency not the much stricter "full-scope" safeguards advocated by the U.S. and Canada

Another complicating factor emerged at the weekend with reports that Argentina was seeking uranium enrichment facilities in the Soviet Union which already enriches uranium for several countries including West Germany The move could clearly disturb the U.S. and fuel its fears about the risk of nuclear proliferation in Latin America Argentina has not signed the nuclear proliferation treaty

The Germans, however, seem to be satisfied with the negotiated safeguards for the power station, to be supplied by Kraftwerk Union, a Siemens subsidiary. Full-scope safe*guards, which allow for the* inspection of other nuclear facilities, were regarded as unnecessary and would not have been acceptable to Argentina.

The West German Economics Ministry is expected to approve an export licence within a month. The Ministers most closely associated with the deal, *including Herr Hans Dietrich* Genscher, the Foreign Minister, are likely to approve the deal shortly after Easter.

Apart from reassuring the U.S. that it is not fostering nuclear proliferation, Bonn has also had to smooth over differences with Canada which *was once in the running for the* power station contract. The Canadians felt that the Germans had reached an understanding that they would both insist on strict safeguards and that Bonn had sidestepped the most delicate part of the deal by inviting Sulzer Brothers of Switzerland to supply the heavy *water plant.*

The Germans argued that strict safeguards were no longer necessary if they supplied only the reactor and not the heavy water plant.

Syria heads off strike by lawyers

By Ihsan Hijazi in Beirut

THE SYRIAN Government appeared to have headed off a general strike planned for yesterday by professional associations such as lawyers, engineers, doctors and pharmacists.

The State-controlled Damascus Radio broadcast a statement issued by the *Association of Lawyers calling* for a "democratic dialogue" to resolve the country's problems. It is the first time the official media has carried a statement by this body.

Unlike the trade unions and farmers federation, the professional associations did not send cables of support to *President Hafez Assad over* the unrest in Syria which followed demonstrations and riots at the beginning of March.

The first hint that a strike had been called came on Sunday in a declaration by "Democratic and National Lawyers" in the northern port of Lattakia. It urged no interruptions of work and accused unidentified elements in the unions of making a common cause with "reactionary groups."

The bigger Association of Lawyers had set March 31 as a deadline for its demands to be met, or had threatened to call a strike. The lawyers had protested against the continuing detention of political prisoners under the emergency law.

A number of prisoners have already been set free, and the government has promised to refer the remaining detainees to ordinary courts

Interest-rate rises hit Qatar banks

BY KATHLEEN BISHTAWI IN DUBAI

THE RECENT *rise in interest* rates for the dollar and the pound have caused an outflow of funds from Qatar on such a scale as to cause what is described there as a "critical banking situation."

Figures issued by the Qatar Monetary Agency for February show that for the first time *since the 1967 Arab-Israel war*, the banks were lending more than their deposits. During that month, advances were $975m compared with local currency deposits of $957m.

As with Saudi Arabia and Kuwait, the problem has arisen from the policy of keeping interest rates low. Rates set by the Qatar Monetary Agency, with the aim of curbing inflation, have been restrained for many years now. At present, they stand between 7 and 9.5 per cent on advances and between 4 and 6.5 per cent on deposits.

Bankers in Qatar have been pointing out the discrepancy which exists between these rates and those reached outside.

Some have been offering customers a meagre increase on deposit rates to try to stop the flow of funds outside, thereby cutting their margins to what they call "suicidal rates." But since the rise in prime rates in the U.S., the flow has increased.

Part of the problem lies in the fact that the Qatar Monetary Agency is only yet a fledgling central bank. Its total staff complement is only 50. and its advisory role to the Government has been building up slowly over the years.

Mr. Majid Al-Majid, its managing director, said that the interest rate problem is still under study, but he could give no date when any recommendations would be made to the Finance Ministry.

According to one banker in Doha, more than $32m has flowed out since interest rates overseas began to rocket towards the end of 1979.

Algeria to cut oil output

ALGIERS — Sonatrach, Algeria's state oil company, is, for technical reasons, to cut production by 2 or 3 per cent this year, from the 57m tonnes it has produced for the past two years, it announced yesterday.

The cut would only be temporary and production would rise next year to more than the figures for 1979, it added. Algeria would have a refining capacity of 20m tonnes from 1981 as the newly-completed Skikda refinery would be fully operational by then.

Oil officials said earlier that the 15-tonnes-a-year Skikda refinery had just been completed. *First shipments would start this* week.

Royal Dutch/Shell and Gulf Oil are expected to sign contracts this week with Kuwait for sharply lower supplies of crude oil, the Middle East Economic Survey reported from Bahrain yesterday.

Agencies

U.S. insurance exchange opens

By David Lascelles in New York

NEW YORK'S long-planned insurance exchange opened its doors for business yesterday amid assurances that it did not want to drive Lloyd's of London out of business but to follow its great traditions.

Mr Vincent Learson, the former chairman of IBM who is the exchange's first chairman, said at the opening ceremony: "We are not out to get Lloyd's. But we want to emulate it and build up our own reputation."

He also read out a message from Mr Peter Gren, chairman of Lloyd's, conveying "friendly greetings" and expressing the wish that the two exchanges work together in "friendly co-operation."

The exchange is housed in a former bank building just north of Wall Street. It started with 17 underwriting members and 40 brokers. A recent survey suggests it will do about $40m of business in its first year, compared with the $4bn a year at Lloyd's.

Mr Learson stressed that the exchange will not go "pell mell" for volume, but will concentrate on developing security instead.

New York's challenge to Lloyd's, Page 23

Salvador troops restore order after funeral riot

SALVADOR TROOPS took to the streets to restore order after the massive public funeral of murdered Archbishop Oscar Arnulfo Romero became a riot. *About 30 people were killed*, some trampled to death, when gunfire and bombs sent thousands of mourners fleeing for their lives.

The body of Archbishop Romero, shot dead while celebrating mass last Monday, was about to be put in a crypt in San Salvador's Cathedral on Sunday when a series of explosions erupted in the cathedral square.

A stampede ensued. An estimated 300,000 people fought their way to safety, with church leaders from the Vatican, the U.S., Europe and Latin America.

The ruling civilian-military junta blamed leftist militants for the shooting and said they planned to steal the body of Archbishop Romero.

British observers, however, believed that troops reacting to the appearance of an orderly procession of left-wingers started the trouble.

Several cars were burned and some shops looted before security forces established order. Early yesterday troops were patrolling the city in force.

Ten months ago about 25 people were shot on the steps of the cathedral. Leftist militants and security forces accused each other of provoking that incident.

A Government statement said security forces could not have started the shooting because they were confined to barracks. The troops were only called out after violence erupted. But some troops were seen guarding the National Palance and banks near the cathedral.

The gunfire and explosions broke out soon after a leftist-organised "march of mourning" arrived at the cathedral square. Some eye-witnesses reported seeing leftists exchanging gunfire with snipers.

None of the foreign church dignitaries, headed by Cardinal Ernesto Corripio Ahumada of Mexico, was believed injured. All crouched behind the main altar for safety.

World car sales forecast to increase 29% by 1985

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

NEW CAR sales will rise by just over 29 per cent from a worldwide total of 30.23m this year to 39.07m by 1985, according to the latest set of forecasts from Economic Models, the London-based international economic consultancy group.

Car production will continue to run ahead of sales, rising from 31.25m in 1980 to 40.16m in 1985.

The forecasters suggest that in the 15 major West European countries registrations will go up from 10.52m to 13m while output should increase from 11.58m to 14.05m during the 1980-85 period.

For the U.S. the figures are sales of 9.54m rising to 12m and production of 7.4m going up to 10.28m.

In Japan new registrations are predicted to advance from 2.97m to 3.79m while output should top the 7m mark by 1985 and move ahead from 6.62m to 7.81m.

According to Economic Models the outlook for both world sales and production in 1980 and next year are not particularly bright but it is optimistic for the prospects for 1982 onwards.

Apart from the general recovery in economic conditions which can be expected, the motor industry will benefit from a considerable increase in car scrapping towards the mid-1980s.

Economic Models reckons that expansion from 1982 onwards will be most rapid in France and Germany as these prosperous economies again record rates of growth of real GDP in the region of 3 to 4 per cent a year.

In France new registrations are expected to be in the region of 2.1m rising to 2.4m by 1985. In Germany new car registrations are expected to recover by 1983 from a decline this year to 2.56m and reach 3.1m by 1985.

The weaker EEC economies are also forecast to do slightly better after 1981 with Italy, in particular, benefiting from very high levels of replacement demand. Sales in Italy are expected to rise from 1.55m this year to 1.85m by 1985.

In the UK the forecast is less optimistic as new car demand is not expected to reach last year's 1.71m again until 1985 and will be down to 1.57m this year.

Economic Models predicts that, on the production side, the distribution of world car production between countries is not expected to change dramatically before 1985.

The major car producers of France, Germany, and Italy will continue to expand in line with world markets. In the UK output is forecast to rise from 1m this year to 1.17m in 1985, a forecast which assumes volume production of BL cars will continue throughout the period and that Ford and Talbot will maintain production facilities in the UK.

In spite of the low recent rates of growth of Japanese car exports the strength of the Japanese industry as an exporter should keep exports in the region of 4m into the mid-1980s. Also U.S. exports are forecast to approach 1m cars annually.

The World Car Forecasts Report, Ecomonic Models, 30, Old Queen St., St. James's Park, London SW1H 9HP. £300.00.

France in new plea for U.S. fibre curbs

BY TERRY DODSWORTH IN PARIS

THE FRENCH artificial fibres manufacturers have made a further demand for controls on U.S. imports following figures which show that the country has gone into deficit in this sector after several years of trade surpluses.

The producers say that imports of synthetic fibres rose last year by 20.5 per cent. Much of this increase was caused by a doubling of imports from the U.S., which the French put down to the strong price advantage now enjoyed by American products.

In stressing that this price advantage is due to lower raw material prices in the U.S., the French producers say that emergency duties are necessary immediately throughout the EEC. This warning reinforces steps which have already been taken by the French to push through Community-wide restrictive measures against the U.S. producers by the European Commission in Brussels.

According to the French figures, the deficit on synthetic fibre trading amounted last year to almost 59,000 tonnes. For the whole of the synthetic textile industry, including finished goods, it reached 108,000 tonnes.

Overall French production of synthetic products dropped last year by 5.3 per cent compared with 1978, but in the fibres industry, now going through a period of reorganisation, it rose by 6.6 per cent.

The figures show, however, that the increased fibres production has not met with a corresponding growth in the market. French textile deliveries dropped by 2.9 per cent within the country last year, and exports plummeted by 6.7 per cent, underlining the manufacturers' argument that cheaper U.S. products are affecting their position throughout the EEC.

French company in £19m Soviet pipe plant deal

BY DAVID SATTER IN MOSCOW

PONT-A-MOUSSON has signed a contract with the Soviet Union worth FFr 187.5m (£19.6m) for the delivery of equipment for a medium diameter pipe manufacturing plant in the city of Lipetsk.

The contract, signed with the Mettaburg import foreign trade organisation, calls for delivery of equipment for making 600 mm pipe to be used in the water supply systems of Soviet cities. The plant will have a capacity of 180,000 tonnes of pipe a year.

The Soviets have made big purchases of large diameter pipe from West Germany and Japan for oil and gas pipelines for a number of years but this is believed to be the first purchase from a Western supplier of equipment for water supply lines.

Pont-a-Mousson defeated West German competition to win the contract, which took almost three years to negotiate. It is the second major contract to be awarded to a French company this month.

French commercial officials said the contract would be 85 per cent financed under the new Franco-Soviet export credit with the balance in cash. The exact terms of the credit are not known but the officials said that interest rates would be slightly above the OECD consensus minimum of 7.75 per cent.

Comecon moves into surplus with West

BY ANTHONY ROBINSON

EASTERN EUROPE moved into surplus on its foreign trade last year in response to policies aimed at cutting the growth in Comecon's hard currency debt, according to the annual survey of Comecon country economies produced by the UN Economic Commission for Europe.

But the report makes clear that the shift from a 1978 trade deficit of about $5bn (£2.3bn) to a 1979 surplus of about $200m was due mainly to the higher prices received for Soviet energy and raw material products. For the rest of Eastern Europe, however, successful attempts to reduce imports led to severe production bottlenecks and probably introduced further imbalances into their economies.

The priority given to reducing trade deficits, coupled with harsh winter conditions, also contributed to an accelerated slowdown in economic growth which affected all the Comecon economies, except Bulgaria and East Germany, and led to an actual decline in Poland.

Average economic growth at 2.4 per cent was the lowest ever ensuring that five year plan targets will be considerably under-achieved even though average growth this year is planned to rise to the 4 per cent level achieved in 1978.

On the energy front, the aggregate production of energy materials rose by only 1.9 per cent last year compared with 3.8 per cent in 1978. Data on energy consumption is not available but in 1978 consumption rose by 4.4 per cent.

Energy and other shortages, exacerbated by transport and organisation problems, were reflected in a drop in industrial growth rates to 3.7 per cent last year for Eastern Europe as a whole compared with 5.1 per cent in 1978 and 6 per cent in 1977.

The high level of foreign debt, rising hard currency oil imports, supply bottlenecks and other restraints on economic growth are likely to be accompanied by further difficulties on Western export markets due in part to the anticipated Western recession but also to post-Afghan political factors. Under these conditions East-West trade is expected to "slow down considerably" the report concluded.

Temporary budget for Iran

By Simon Henderson in Tehran

A TEMPORARY one-month budget is expected to be approved in Iran because the compilation of the budget for the Persian year, which began a week ago, is still not complete.

Ministry of Finance official told a Tehran newspaper that the temporary budget would allow payments on development projects to continue. But slow payments are still reported by contractors.

The newspaper said the annual budget would be approved by the new Parliament which is not expected to sit until May.

Difficulties in receiving payment for development projects are reported to be still the major problem facing British companies.

However, there are indications that Iran wants to revive further its development plans which have mostly stagnated since being savagely pruned after the revolution.

A delegation from the national petrochemical company is in Britain seeking help on a project in Shiraz. Another, from IDRO — the Iran Development and Renovation Organisation — is expected in the UK soon in search of contractors for parts of light engineering factories.

Rhodesia railway problems far from solved

BY BRIDGET BLOOM IN MAPUTO

KEY RAIL links between Rhodesia and Mozambique, which once carried three quarters of Rhodesia's external trade and an important percentage of trade from Zambia and Zaire, are unlikely to be fully restored before the end of this year.

According to officials in Mozambique, war damage on the main railway linking Rhodesia and Maputo, the Mozambique capital, has been more extensive than was at first thought and will take at least until November to repair.

The second line, which runs through eastern Rhodesia to the Mozambique port of Beira is at present able to handle only about 1,000 tons a day in both directions. Severe staff shortages and lack of maintenance facilities as well as some silting at Beira Port will prevent any expansion in capacity for the rest of this year.

An additional obstacle to the resumption of trade along the two lines stems from Mozambique's decision in 1976, when it imposed sanctions against Rhodesia, to confiscate nearly 3,000 assorted wagons belonging to Rhodesian Railways.

Railway officials in Mozambique say that most of the confiscated wagons — said to number 2,796 wagons of various sorts including passenger coaches, as well as two diesel and three steam locomotives— have been taken over and are being used by Mozambique Railways. A political decision would be needed to release them, an official said, adding that to replace them would cost either Mozambique or the new Zimbabwe Government at least $80m.

While there have been a number of meetings between Rhodesian and Mozambique transport officials since Mozambique lifted sanctions on Rhodesia last December, both sides remain cautious about the prospects for a rapid resumption of rail traffic.

So far, despite the agreement to run one train a day in either direction on the Umtali-Beira line the only traffic carried has been Rhodesian coal from Wankie, which is mixed with Mazambique's own coal to power the steam engines used on the line.

No Rhodesian, Zambian or Zairean exports have yet used the line, which used to carry Zambian and Zairean copper, Rhodesian tobacco and a wide range of imported goods for all three countries, as well as for neighbouring Malawi.

Exporters in Salisbury say that while the reopening of the Beira line is the "first prize" it takes time to reroute goods and there is not yet the confidence that the Mazambiquans can handle the mixed trade efficiently.

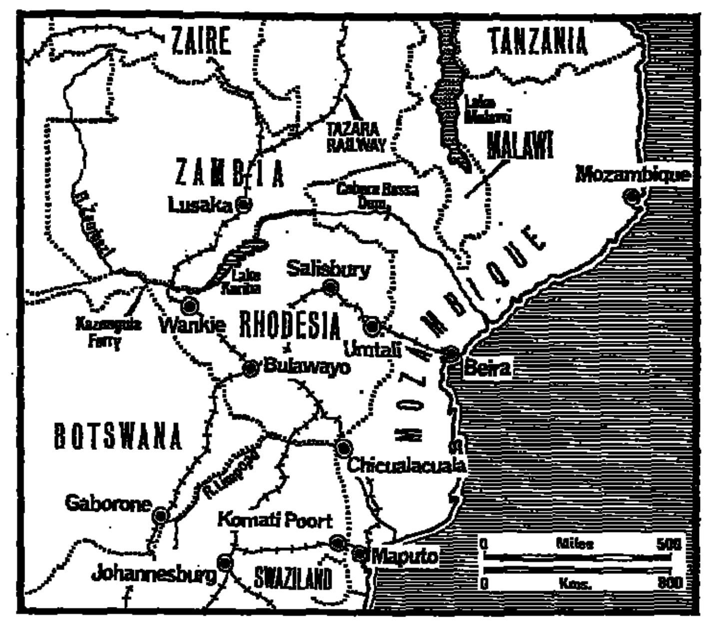
Mozambique faces a desperate shortage of skilled railway and port workers—7,300 men most of them Portguese, left the railways following independence and the imposition of sanctions. They have been replaced by only some 300 people, many of them from East European countries. Mozambiquans are being trained, but not fast enough.

The effects of the guerrilla war on the Maputo line, which crosses the Rhodesian frontier at Chicualacuala, appear more extensive than was at first thought. On the Mozambique side two key bridges were bombed by the Rhodesians and will take four to five months to repair. Some 60 kilometres of track on the Rhodesian side needs to be replaced, a further 80 kilometres in Mozambique has to be checked for faulty rails, sleepers and clips.

Mozambique officials, meanwhile, hope that Rhodesian exporters will consign goods via South African Railways through Komati Poort to Maputo, which is well equipped to take bulk cargoes of sugar and steel. However, the line could become congested over the next few months as South African maize and other agricultural exports pick up following Transvaal harvests.

In the longer term Mozambique, which used to balance its hefty trade deficit with rail and port earnings, has ambitious plans to expand its rail and port capacity, including the widening and deepening of both Beira and Maputo ports. A small scale study of Beira has already been carried out by a British consultant, Bertlim Partners and Mozambique hopes for EEC financing for a larger feasability study, to cost some $2m. The Beira project would cost between $120m and $150m.

This and other aid to transport will be discussed when the EEC Commissioner for Overseas Co-operation M. Claude Cheysson visits Rhodesia and Mozambique this week.



Petrol at pump 40% up in year

BY SUE CAMERON

THE PUMP price of four-star petrol rose by 40 per cent last year—from 84p a gallon in February to £1.20 a gallon in December—according to statistics in Petroleum Review, published by the Institute of Petroleum.

Petroleum Review also shows that 1,815 garages closed in 1979—a record. The figure represents 6.4 per cent of the 28,480 petrol stations operating last year. In 1978, only 1,464 retail outlets shut. The report says the "worst previous year for closures" was 1973 when 1,517 petrol stations disappeared.

Petrol stations supplied by Esso and Shell—which between them deliver to 40 per cent of all retail outlets—were particularly hard hit by 1979's high closure rate. Esso lost 618 of its 5,931 sites, and Shell 917 of its 5,440 outlets.

In spite of the closures, retail sales of petrol continued to grow last year. Sales increased by 2 per cent, but this was well down on the growth rate for 1978.

Profit margin

Shortages of petrol last year, caused by the revolution in Iran and the subsequent world oil crisis, enabled retailers to obtain what the report calls "a reasonable profit margin," estimated to have been between 9 and 13 per cent.

The average amount of petrol sold by retail outlets rose by 7.3 per cent to 198,032 gallons for each garage. This probably reflects the 7.5 per cent rise in the number of self-service stations operating last year.

The report blames the Organisation of Petroleum Exporting Countries for the increase in petrol prices last year—as well as the Iranian crisis.

It points out that the retail petrol price index has now risen by considerably more than the retail price index.

● Anglo Petroleum and Amoco (UK) are to expand their petrol supply operations in central Wales as a result of discussions with the Department Board for Rural Wales.

Stockjobbers to buy Rothschild stake

BY CHRISTINE MOIR

WEDD DURLACHER Mordaunt, Britain's largest stockjobbing firm, is planning to buy out its only outside partner, Rothschild Investment Trust.

Rothschild has been entitled to 15 per cent of Wedd's after-tax profits since 1970, when it subscribed £1.2m to the firm. Now it has agreed to an approach from Wedd which will sever the link in about a year.

Under the complicated repurchase arrangements Rothschild and Wedd are believed to have agreed an exit price which will be met from Wedd's profits during the current year and beyond, if necessary. Rothschild will, therefore, remain a partner, at least until April next year.

Wedd has not disclosed profits since it reverted to being a partnership in 1976 after several years as a limited liability company. In 1975 its pre-tax profits were £499,000, following losses of £398,000 the previous year.

Since Rothschild obtained its interest in the jobbing firm the number of partners has grown from 35 to 53, and the plan to buy out the trust arises largely from pressure by the newer partners for a fairer share of the partnership profits.

From the trust's point of view, the investment, described as "successful" in the official statement yesterday, has been inhibited by Stock Exchange rules which prevent any outsider from building up more than 15 per cent in a member firm or becoming involved in its management.

Rothschild Investment Trust, with a policy of active direct investment, has clearly been less than fully satisfied with such a passive shareholding, hence its agreement to Wedd's offer.

From Wedd's point of view, the main benefit is one of independence, Mr. John Robertson, senior partner, confirmed yesterday. Buying out Rothschild would give Wedd the flexibility to adapt to any pressure for change in the future without the obstacle of having a significant existing shareholder, and one which is part of a major merchant bank.

Mr. Robertson's statement reflects growing awareness among jobbers and brokers that the 1980s could produce major structural changes in the Stock Exchange including, possibly, the breakdown of the separation between principal and agent.

Ex-chief sues FC Finance

BY ALAN FRIEDMAN

THE DISMISSED managing director of F.C. Finance, the of the Co-operative Bank, is to sue his former employers in the High Court.

Mr. J. Donaldson said yesterday that his departure arose from differences over a service contract.

"I was dismissed because I refused to sign a service agreement containing terms of employment which are substantially inferior to the terms upon which I had hitherto been employed," he said.

A company official yesterday confirmed that the termination of employment was partly related to the service agreement, but said that the company had nothing to add to its statement of last week. That attributed his departure to "certain unresolved differences."

Mr. Donaldson, who had helped to found the company in 1958, said that in addition to the High Court move an application would be made for compensation for unfair dismissal.

The Board of F.C. Finance met in Manchester on Friday, and voted in favour of Mr. Donaldson's departure, which was effective from yesterday.

Higher oil tax 'to yield £2.3bn'

BY RAY DAFTER, ENERGY EDITOR

TAXES ON North Sea oil are expected to yield an extra £2.3bn over the next five years as a result of Budget proposals to lift the rate of Petroleum Revenue Tax from 60 to 70 per cent.

An assessment of the impact of higher tax levels shows that the major benefits will be felt in the period 1981-84. In 1983, for example, the higher level of PRT should add some £700m to the £11.2m already expected from the various North Sea taxes, according to the latest North Sea report from stock brokers Wood, Mackenzie.

On the other hand, the tax-take in 1985, which was expected to be about £15bn, could be only £100m higher.

Oil companies pay three basic taxes: royalties, PRT and Corporation Tax. Offshore operators are allowed to offset various expenses, including development costs, against PRT. These allowances influence both the amount and the timing of PRT payments.

Wood, Mackenzie calculates that the proposed tax changes, which include an advancement of some payments, will increase taxation from 77.5 per cent of net oil revenues to nearer 79 per cent.

In contrast, the Norwegian tax proposals for North Sea oil companies could raise the tax level from 77 per cent to 85 per cent.

POTENTIAL GOVERNMENT RECEIPTS FROM NORTH SEA OIL

	1980	1981	1982	1983	1984	1985
Revenues from existing tax system	2.8	5.6	8.5	11.2	13.2	15.0
Increase with 70 per cent Petroleum Revenue Tax	+0.2	+0.5	+0.3	+0.7	+0.5	+0.1
Potential Tax Take	3.0	6.1	8.8	11.9	13.7	15.1

Source: Wood, Mackenzie

New-type phones go on show

BY GUY DE JONQUIERES

THE POST OFFICE yesterday unveiled the first of a new generation of telephones designed specifically for use with System X, the fully electronic telephone exchange to be installed in the UK over the next decade.

The telephones consist of a flat console with a streamlined handset and will be available with either push buttons or a conventional rotating dial. They are designed to accept plug-in attachments, such as a small loudspeaker to allow "hands free" conversations.

Further versions of the new telephones will be launched during the coming months, including models which can store up to ten frequently called numbers and which automatically re-dial an engaged number.

The Post Office also plans to offer next year an office extension version with a bigger and more versatile console, to be used with a small electronic switching system which it is developing.

All the new telephones will use multi-frequency dialling, which transmits dialled numbers to the exchange in the form of electronic "bleeps." This technique, already widely in use in the U.S., reduces dialling time, particularly on push button telephones.

The new telephones, to be manufactured initially by General Electric Company (GEC) and Pye TMC, will go on trial in Leeds and Sheffield next autumn. It may then be introduced elsewhere in the North East and in London before being offered throughout the country in 1981-82.

It is intended eventually to replace the current standard model, known as the 746, although the two are likely to co-exist for some years.

New venture fund for small businesses

By Christine Moir

THE NATIONAL Coal Board pension funds have taken up 45 per cent of the equity of a new venture capital fund which will specialise in investments in small businesses.

The fund, to be called the Thompson Clive Capital Growth Fund, has a capital base of £2m. Its first investment, of £30,000, has been into Gamma Ltd, a small high technology company operating in the field of medical electrical equipment.

Mr. Lionel Anthony, deputy director general of the NCB fund, said the new fund intended to invest in companies needing less than £100,000. It was difficult for major pension funds to find the management time and capacity to handle such small investments. The new fund would provide the necessary management.

Newspaper sale given approval

BRISTOL United Press, which publishes the Western Daily Press and the Bristol Evening Post, has been given Government consent under the Fair Trading Act to acquire Clevedon Printing Company, publisher of the South Avon Mercury, Mrs. Sally Oppenheim, the Minister for Consumer Affairs, said yesterday.

The decision to allow the merger, which was refused in 1977, did not, she added, imply any relaxation of policy on newspaper mergers. The company's move to buy the West Somerset Free Press has recently been referred to the Monopolies Commission.

Men and Matters, Page 22

Lonrho 'could be running Shotton in six weeks'

BY ROBIN REEVES, WELSH CORRESPONDENT

LONRHO would hope to take over the British Steel Corporation's Shotton works in about six weeks, given a deal acceptable to both sides, Mr. Derek Norton, chairman of Lonrho's Hadfield subsidiary, said in Chester yesterday.

At the end of his first—evidently successful—day of exploratory discussions with BSC senior management and Shotton workforce representatives, Mr. Norton said he and his team would take about a month to complete their investigations before making BSC an offer. "If the terms were acceptable, we would hope to be in the works in six weeks' time," he said.

Mr. Norton reiterated that if Londho was interested at all, it would want Shotton "lock, stock and barrel."

"We are not interested in scrap machines. We want the site as an entity," he added.

But a cautionary note was struck by Mr. Peter Allen, managing director of BSC's Welsh division. He said BSC had no intention of selling the finishing end of the Shotton works.

Value

"As far as BSC is concerned it is one of the best businesses in th corporation," he said. But he conceded that BSC could not prevent Lonrho making an offer and that, at the end of the day, everything had a price.

But yesterday, both sides were studiously avoiding putting a figure on Shotton's value in its present state. Speculation that a figure of around £150m would be a reasonable price were dismissed by BSC sources as very unrealistically low.

The current run-down at Shotton with 6,400 redundancies affects the heavy—iron and steelmaking—end of the works. But BSC is clearly keen to keep the finishing—steel strip coatings complex—end which was recently modernised at a cost of £65m; although since the steel strike started it has announced plans for a further 900 redundancies in this section as part of its general retrenchment programme, reducing the workforce to 3,300.

But Mr. Norton suggested that if the takeover was successful it could recreate thousands rather than hundreds of new jobs on the site, which last December was employing 10,500.

Union representatives were clearly heartened by their talks with Mr. Norton. Mr. George Cooper, divisional officer of the main steel union, the ISTC, said: "We want to retain an integrated steelworks. If BSC are not willing to provide this, but a private company is, we look upon it favourably."

The Lonrho team is to tour the Shotton site today and also meet Clwyd County Council representatives who, together with the Shotton workforce action committee, were first responsible for the Lonrho initiative.

BSC plans to make a full statement at the end of the visit.

Shipyard workers face lay-offs over steel strike

BY OUR SHIPPING CORRESPONDENT

COCHRANE SHIPBUILDERS, one of the few privately owned British shipyards, may start laying off its 400 workforce because striking steelworkers have prevented deliveries of oxygen.

The shipyard, which recently won orders for two small bulk cargo ships, has less than a week's supply of bulk oxygen, which it needs for cutting steel. Last week the driver of a British Oxygen Company lorry was persuaded not to cross the picket line.

The pickets have been preventing deliveries of steel for some time, and last week decided to widen picketing to cover oxygen deliveries.

Cochrane Shipbuilders is based in Selby, Yorkshire, and is part of the North British Maritime Group.

Poor productivity blamed for engineering decline

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

POOR PRODUCTIVITY in the UK engineering industry is the main cause of its deteriorating performance over many years, according to a report* by stockbroker Laing and Cruickshank published today.

The report minimises the part played by the strength of sterling on the level of exports and the big rise in imports of engineering products.

After adjusting for inflation, the returns of engineering and motor companies have been on a declining trend since 1960—well before the problems now arising from the strong pound. The share of home and export markets has been declining throughout the 1970s, for which the lower output per employee in the UK industry against its competitors bears much of the responsibility.

In the second half of the decade there was a fall of 7 per cent in output per man in the industry, and the report is sceptical about the productivity improvement promised in return for the shorter working week agreed with the unions last year.

Machinery imports have risen sharply over the past 10 years, except for a slight dip in 1974 and 1975 which reflected recession.

The trend of machinery exports was rising between 1970 and 1974, but since then the volume has been flat. The report says it is significant that exports were static during 1975 and 1976 when sterling was weakening.

The influence of sterling on engineering exports became apparent only at the beginning of 1979. Before then, the report suggests that companies could have been more aggressive in putting up prices, but this is no longer an option in recessionary conditions.

"In theory, the effects of a strong pound could be beneficial by encouraging a shift up-market into higher value-added products," says the report, but it warns that "under current economic conditions, there is the danger that a low real rate of growth may be transformed into real economic decline. The period of transition and the catalytic effect of a strong currency on increasing efficiency is thus likely to be traumatic."

* *Engineering in the Eighties.*

Another Ladbroke club sale planned

BY ANDREW FISHER

LADBROKE GROUP yesterday announced a further move to loosen its ties with the casino business through the sale of another provincial club, this time in Leicester.

It plans to sell the Ladbroke Sporting Club there to an unnamed private company for £1.79m in cash, subject to the gaming licence being transferred. Such a transfer will be up to the licensing justices this summer, depending on whether the Gaming Board consents to an application.

Ladbroke said on Friday that agreement had been reached for the sale of five of its 11 provincial casinos to Reo Stakis, the Glasgow-based hotel and leisure company, for £4.43m cash.

The group's piecemeal sale of its provincial clubs follows the loss of licences at three Mayfair casinos in London, with the Gaming Board attempting to have the licence of the fourth London club cancelled.

Ladbroke still intends to lodge an appeal against the withdrawal of the licences after the recent refusal of the High Court to have the matter reopened.

On the Stock market, Ladbroke shares moved up a further 3p yesterday to 132p as investors reacted favourably to the group's gradual move out of casinos.

Court move on shipping dispute

By Raymond Hughes, Law Courts Correspondent

SHIPOWNERS operating under flags of convenience will be interested in a ruling to be given by a High Court judge tomorrow on the activities of the International Transport Workers' Federation.

The federation was sued by Universe Tankships of Monrovial—part of the group headed by shipping magnate Daniel K. Ludwig—after the "blacking" of the 269,000-ton tanker Universe Sentinel at Pembroke Docks in 1978.

Universe complained to Mr. Justice Parker in the Commercial Court earlier this month that part of the price demanded by the federation for the vessel's release was a payment of $6,480 into the organisation's welfare fund.

The company argued that the demand was unlawful and that the federation should be ordered to repay the money.

Shipowners badly need a court decision in their favour in their running battle with the federation over its efforts to bring the terms and conditions of employment for seamen aboard flag of convenience ships in line with ITF standards.

Recent House of Lords decisions have tipped the scales firmly in the federation's favour. The Law Lords' ruling in the Nawala case deprived Universe Tankships of a part of its present claim.

When it issued its write it claimed that agreements it had signed with the federation were invalid because they had been signed under duress. That claim had to be dropped when the case came to court because the Lords had ruled in Nawala that action taken by the federation to secure agreements on seamen's employment terms was in furtherance of a trade dispute and therefore lawful.

Controversy over 'top salaries'

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

POLITICAL controversy is once again building up over what are known as "top salaries"—the pay of senior public servants in industry, the civil service, the judiciary and the armed forces.

The pay of nationalised industry chairmen is causing most bother, as it has since 1974, when the seeds of the present controversy were sown by the Labour Government's refusal to make recommended increases.

Sir Charles Villiers' salary as chairman of the British Steel Corporation goes up today from £41,695 a year to £48,500.

This is a rise of about 17 per cent, which is not much above the percentage being proposed for settling the steel strike. But politically it is embarrassing because of the much larger cash sum involved and because a further up-dating rise is to be proposed for Sir Charles and others in a few weeks' time.

About 2,500 people benefit from these rises. They include the chairmen and board members of all nationalised industries, who are graded from the British National Oil Corporation at the top down to the British Waterways Board at the bottom.

Also included are senior officers of the armed forces down to the level of Rear Admirals and Major-Generals; the judiciary from the Lord Chief Justice down to metropolitan magistrates; and the higher four ranks of the civil service from Permanent Secretary to Under-Secretary.

Their pay levels are proposed by the Review Body on Top Salaries, headed by Lord Boyle. Parallel bodies, all serviced by the Government's Office of Manpower Economics, exist for doctors and dentists, and for the rest of the armed forces.

Lord Boyle and his colleagues study pay levels for comparable jobs in the private sector and recommend levels accordingly for each public job.

The Government then decides how to implement the recommendations, which are usually politically embarrassing because of the size of the increases involved.

Ministers come under considerable pressures—not least from their own top civil servants — to implement the Boyle proposals because the rises are always awarded a year late, a factor which is inevitable when the salary levels are fixed as a catching-up exercise.

In addition, the salaries paid are always low compared with the private sector. Board members and deputy-chairmen of ICI, for example, are paid something approaching £100,000 a year. The chairman of ICI is wel above that figure, and therefore being paid twice or perhaps three times the salary of the chairmen of sizeable state-owned businesses.

These disparities create serious problems when the public industries want to recruit specialist board members and senior executives below board level, some of whom sometimes have to be given more than board members.

The low salary levels also worsen the problem of finding chairmen for the industries. The Government's hunt for a successor to Sir Charles Villiers at BSC has not been helped by the fact that potential candidates should probably already be earning 50 to 100 per cent more than the state can pay.

The current trouble over pay started in 1974, when for political and pay restraint reasons, the new Labour Government ignored rises proposed by the Boyle Review Body for the nationalised industries and only partly met recommendations for other groups.

This meant that those involved rapidly fell seriously behind the private sector. Eventually Mr. Callaghan, as Prime Minister in 1978, agreed to substantial rises of up to £20,000 (70 per cent in some cases) being paid in three stages over a two-year period.

It is the third stage of these increases giving rises of up to 25 per cent which is being implemented today.

But the Boyle Review Body has argued that, when each of these three stages have been implemented, they should be increased to take account of rises paid in the private sector during the previous year.

It is therefore now finalising a fresh report to go to the Government in a few weeks' time. This will recommend topping-up rises backdated to today, or perhaps as much as 20 per cent to bring the salaries, which were fixed a year ago, up to present day levels.

Some price inquiry powers to remain

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE GOVERNMENT will have the power to investigate price rises "of major public concern" when the Competition Act becomes law this week.

The new legislation, which formally abolishes the Price Commission, is primarily intended to improve competition between companies. The Office of Fair Trading will have the power to investigate any anti-competitive practice carried out by a single company which may prevent or distort competition in the market.

Then the office can refer the company to the Monopolies and Mergers Commission for a six-month investigation, which can lead to the Trade Secretary forcing the company to abandon its anti-competitive practice.

But the new legislation also includes a little-publicised clause giving the Trade Secretary the power to order the Office of Fair Trading to investigate price rises imposed by individual companies. Nationalised industries' price rises can similarly be probed.

He is limited by the new law to ordering an investigation only into those price rises which he deems are of major public concern.

The Office of Fair Trading will use its own officials for the price investigation, but will be assisted by outside consultants commissioned by the OFT for the investigation. The length of the investigation will be determined by the Trade Secretary when referring the matter to the office.

In addition to giving the facts behind the price rise, the office can also make any additional comments which it considers relevant to the company's price rise.

Although the Trade Secretary does not have any direct powers to control prices following this price investigation, he could take action by invoking other price control powers available under the new Act.

The Government has made clear that it is unlikely to make frequent use of its power to order price investigations, since it prefers to concentrate on the long-term objective of letting increased competition keep prices under control.

However, with the inflation rate now almost 20 per cent, the Government may eventually find it politically necessary to be seen to be active in curbing large price rises.

It has also been pointed out that this price investigation procedure will also be available for use by any future Government which is more willing to intervene on prices.

The Government's detailed approach to the issue of competition policy is expected to be made clear today at a conference organised by the Confederation of British Industry. Mr. John Nott, Trade Secretary, and Mr. Gordon Borrie, director-general of fair trading, will be speaking on the philosophy and practicalities of the new policy.

Sir John Methven, director-general of the CBI, is also expected to give industry's view of the new powers.

The CBI is becoming increasingly concerned at the lack of a clear-cut definition of the practices which will be considered anti-competitive by the Office of Fair Trading, since there is no firm definition contained in the legislation.

Although the Competition Act seems likely to receive the Royal Assent on Thursday, it may be several weeks before the first company investigations are under way because enabling orders have to be laid before Parliament for a certain length of time.

Four companies are likely to be named in the first batch of investigations.

Carrier order for Swan Hunter

By Our Shipping Correspondent

BRITISH Shipbuilders has won an order for a 29,900 dwt products carrier. Over the last seven months the nationalised shipbuilding organisation has won orders for 750,000 dwt of new ships.

The carrier will be built by Swan Hunter for Ingram Tankships of London, a subsidiary of Rowbotham, the UK arm of the U.S.-based Ingram Corporation. Rowbotham is a leading carrier of clean petroleum products and chemicals in the short sea trades around North West Europe.

The ship is the first of a new design of special tankers which British Shipbuilders is promoting for the 1980s. It will be suitable for trading in clean products, and will be fitted with a Burmeister and Wain engine, to be built by John Kincaid on Clydeside.

When British Shipbuilders announced its plans for reducing its shipbuilding capacity last September, it set itself a target of securing orders for 45 ships to carry it over the period from September, 1979 to July, 1981.

Mr. Michael Casey, British Shipbuilders' chief executive, said yesterday that the new order brings the total value of work won since the target was announced to £265m.

Heseltine faces problem over rates penalties

BY ROBIN PAULEY

THE GOVERNMENT will have to choose from more than 150 local authorities, who have exceeded its 119p in the pound target, to determine the 10 to 20 it will seek to penalise for overspending.

Figures released yesterday by the Ratings and Valuation Association, based on a survey of 84 per cent of local authorities in England and Wales, show that the overall average of general rate increases has almost matched Government targets in percentage terms.

But some of those above the targets are so much higher that the penalty threshold will be nearer 150p than 119p.

Officials of the association said yesterday that their statistics make nonsense of recent claims by Mr. Michael Heseltine, Secretary for the Environment, and Mr. Tom King, Local Government Minister, that rate rises were averaging out at far above the Government's wishes.

They said that the average per centage increase in general rate levies was 21.45 per cent compared with the Environment Department's increase in the notional uniform rate of 21.38 per cent. The corresponding figure for domestic ratepayers was 26.93 per cent, compared with the notional percentage increase of 26.35 per cent.

It is clear from the association's statistics that Mr. Heseltine will have to consider not only actual rate levels, but also the percentage rate increases which have caused those rises when he looks for authorities to penalise—by clawing back a portion of future grant.

Officers of the association intimated that, as the average rate increases match almost exactly Government targets, there may be a case for not penalising anybody this year, a course of action which would avoid a lot of ill-feeling between the Government and the exclusively Tory-controlled local authority associations.

Committed

But Mr. Heseltine is so politically committed to trying to bring into line the worst of the so-called "baddies"—authorities which ignore Government requests for cuts in expenditure, and raise their rates to cover "profligate" spending—that there seems no chance of back-tracking by him.

He is also committed to trapping at least one high-spending Conservative authority to avoid seeming to attack local authorities on party political lines. He may, therefore, make allowances if determined efforts to cut spending have been made, and special circumstances apply.

In England, excluding London, possible victims include Manchester at 156.6p in the £ (up 24.6 per cent on 1979-80); Doncaster, 157p (up 30.8 per cent); Sheffield 154.3p (up 37.6 per cent); Newcastle, 176.5p (up 32.7 per cent); Liverpool, 142.82p (up 41.30 per cent); Langbaurgh, Cleveland, 144.5p (up 39.6 per cent); Middlesbrough, 145.5p (up 36.6 per cent); and Stockton, 140.5p (up 46.4 per cent).

They are all Labour-controlled authorities. Some imposed increases because they have no substantial balances to cushion the rises.

This will be the case increasingly next year, and many ratepayers will face much higher percentage increases then.

Many rates in the pound in Wales are far over 119p, but the percentage increases are lower. Nearly all Welsh rates are anomalous because of the very low rateable values.

In London, special multipliers have been applied by the Environment Department to adjust for the very high rateable values. This puts all but two (Bromley and Redbridge) over the 119p mark.

Private bus service preferred

By Lynton McLain

GOVERNMENT SUPPORT for private rather than public road transport was underlined yesterday when a workers' private bus service was given the go ahead against the wishes of a local authority bus group.

The decision to support the wishes of workers at BSR factories at Cradley Heath, West Midlands, for a private bus service was taken by Mr. Norman Fowler, Transport Minister.

The move follows a two-year fight by a local company, Holdens Coaches of Dudley, to start private services. It is widely expected to set the pattern for bus development in Britain along lines in the Government's Transport Bill, calling for more free competition.

The decision reverses a ruling by Mr. William Rodgers, when he was Transport Secretary in the Labour Government. He rejected plans by Holdens Coaches for a private bus service to serve local factories.

When the local bus authority appealed against a decision to grant a short-term licence it admitted that its service could not cope with the extra factory workers. The transport executive offered to put on another bus, which would run at a loss. Mr. Fowler yesterday overruled the objection to Holdens Coaches starting the service.

Midlands companies' export orders rise

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

MANY MIDLANDS companies are reporting an increase in overseas business, according to the latest economic survey conducted by the Birmingham Chamber of Industry and Commerce.

Mr. John Warburton, director of the chamber, said "Firms are making valiant efforts to maintain a high level of activity in spite of the extremely trying circumstances."

Home trade is depressed but export order books are strong and overseas business is picking up for many companies.

"Production has kept up well and although there are signs that the cash flow position is deteriorating, it is not as serious or as rapid as might have been expected in view of the high interest rates," Mr. Warburton said:

The fact that planned levels of investment were not being reduced in spite of predictions that the country was moving rapidly towards recession provided "a hopeful sign for the future," he said.

Manx to take over Customs House

BY WILLIAM CLUCAS

AN ERA ended when the doors of the Customs House in Douglas closed yesterday afternoon. For the last time the officials working there were officers of the British Government.

When the doors reopened this morning it was on behalf of the Manx Government, in control of the island's customs service for the first time since 1765.

As control over the island's affairs has increasingly been assured by Tynwald, the Parliament, and as the island has developed industrially with a strong financial sector, pressure has mounted for indirect taxation control to pass from the British to the Manx Government.

VAT records

The introduction of value added tax to indirect taxation added to the pressure, because of the new-found importance to the Manx economy of the financial sector. While VAT records were kept by the British Government there were always fears in the financial sector that the VAT computer records of companies could be leaked to other British Government departments.

Now the two governments are partners in a Customs Union, and changes in indirect taxation made in Britain do not automatically apply in the Isle of Man. Until now under the Common Purse agreement which the new agreement has replaced, the scope for the Manx Government to vary indirect taxation rates was very restricted. The minor differences possible were hardly noticeable factors in the cost of living.

To understand why Britain kept such a tight grip on Manx indirect taxation, a look at the island's relations with the mainland is needed. In the Viking era the ruler was the Norse King of Man and the Isles, latterly the Inner Hebrides. Later the island was sold to Scotland and in 1405 the Lordship of Man was given to the Stanley family, later to be Earls of Derby.

These baronial lords had great freedom, and in many ways the Isle of Man became an independent country. When Britain started to impose Customs duties on imports, the island developed a lucrative smuggling trade. Goods were openly landed, whatever tax the Lord imposed paid, and then shipped quietly out to the Cumbrian coast.

In 1765 under the British Revestment Act the Lordship of Man passed to the Crown. Because the smugglers were hitting British revenue hard, Revenue officers were sent to the island, and its coast was patrolled.

The smuggling did not stop, and to try to reduce it dutiable goods were only allowed to be imported to the Isle of Man under licence.

This was a dark age in Manx history, and one which has left bitter memories.

Not until 1866, with the advent of an elected House of Keys, did Britain start to relax its stranglehold on the island's finances. Although the governor retained control of internal revenue a new customs agreement, the Common Purse, gave the Manx Treasury a right to customs revenue.

Under the agreement Britain staffed the customs houses, but the island received a portion of the total revenue raised by indirect taxes. This was based on the resident population plus an agreed figure for tourists visiting the island. Thus when tourism prospered so did the revenue from the Common Purse. But tourism, while it is still important to the Isle of Man, is not the major source of revenue it was. The changes in indirect taxation, and the structure of the economy caused the demand for greater freedom, and the long negotiations which culminated in the Customs Union agreement which came into force today. And because it is not an imposed agreement, it can be abrogated by Tynwald. So after 215 years the Manx Treasury is master of its own house.

So when, on May 27, Mr. Percy Radcliffe, Finance Board chairman, presents the budget to Tynwald, for the first time he will be able to announce rates of direct and indirect taxation fixed by the Board, not in London.

The Board is now studying the estimates of the various government departments, and Mr. Radcliffe has warned that the level of public expenditure is under close examination. There can be little doubt that schemes promoted hard by various departments will fail to win approval.

Barriers

Recently, Mr. Radcliffe gave some indication of his strategic thinking. Some would like the island to emulate the Channel Islands in having lower duties on alcohol and tobacco, but this, says Mr. Radcliffe, would mean customs barriers and problems for the industrial sector of the economy, in which he would like to see continued growth.

Lower VAT rates have also been urged and the British 15 per cent rate has hit the island's cost of living hard. But there are indications that the island may be reluctant to relinquish the £10m it brought in during the last financial year. However, Mr. Radcliffe thinks there is scope for changes in the structure of VAT rates because of anomalies in the application of the tax.

Savings must be found, says Jenkin

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

A GOVERNMENT drive to cut back on wasteful spending in the National Health Service and in local authority social services was outlined in the Commons last night by Mr. Patrick Jenkin, Social Services Secretary.

Opening the third day's debate on the Budget, he said the total cost of the NHS next year will be nearly £8.2bn at 1979 prices.

"I have no doubt whatever that there is plenty of scope for getting value for this money," he declared. "Health authorities would be expected to press ahead resolutely with the elimination of bogus incentive schemes and other unsatisfactory working practices of ancillary workers and ambulance men which had been identified by the Clegg Commission.

"I am also taking steps to see that the most glaring examples are brought to the attention of management by my department," he added. "We shall want to know, if action is not being taken, why it is not being taken."

He recognised that local authorities faced very difficult decisions on personal social services. Some were making savings by raising charges, cutting down on administration and trimming non-essential services. In others, however, elected members were too ready to accept without question significant cuts in services for vulnerable groups.

"It really is the exceptional local authority officer who will voluntarily propose reductions in his own immediate headquarters staff," said Mr. Jenkin. "It is for elected councillors to insist that savings should be found wherever possible by cutting down administration rather than by attacking services."

He pointed out that he was doing this in his own department. Since last May, nearly 2,000 DHSS posts had been phased out, almost 2 per cent of the total. In his headquarters departments the cuts were three times as big, 6.5 per cent. A further 2,400 posts would be cut back during the coming year.

"It requires constant, unremitting pressure from elected members to force officials to *make administrative savings*," he insisted. "It is inescapable that the growth of the Social Security budget should be curbed."

At the same time, he stressed that even after savings, the Social Security budget would *still grow at 2 per cent a year*.

Mr. Jenkin maintained that the Government had done a great deal to safeguard and improve social services.

"If I am supposed to be murdering the welfare state I am bound to say I am setting about it in a pretty rum way," he commented.

Mr. Jenkin also reiterated the *Government's determination* to bring down the Public Sector Borrowing Requirement as a percentage of GDP. He recalled that Mr. Callaghan, Opposition leader, in a television interview on Sunday had suggested that the Government should *borrow another £3bn*. But Mr. Jenkin dismissed this as a "soft option."

Defending the decision to increase NHS charges Mr. Jenkin declared: "This Government believes it is sensible to let charges make their contribution towards increased spending. What really matters is that the facilities of the Health Service should be there when they are needed."

He stood by the controversial decision to raise prescription charges to £1 in December and emphasised that this only covered one-third of the real cost of drugs.

There were angry Opposition shouts of "come off it" when he defended the decision to increase child benefit by only 75p and said that in all the circumstances this was a fair *judgment*.

From the Opposition front bench, Mr. Stan Orme, Labour's Social Services spokesman, attacked the Budget as seeking to destroy "the very basis of the Welfare State."

He denounced it as a "class Budget" aimed at the worse off in the community.

Two and a half million people caught in the poverty trap would receive no additional help as a result of the Budget.

With the cutback in benefits, he said, the average working man who paid £9 a week in contributions would soon be asking: "What am I paying this for?"

Mr. Orme also condemned the Government's plans to reduce supplementary benefit to the families of strikers. He saw this as another Government move to attack the trade unions through legislation.

"This is an emotive issue created by the Government, with a great deal of assistance from the media who are trying to make a scapegoat within our society."

Patrick Jenkin: curbing growth. Stan Orme: attacking the Budget.

Civil Service unions near agreement on pay deal

BY PHILIP BASSETT, LABOUR STAFF

CIVIL SERVICE unions are drawing towards agreement with the Government on a pay deal *which will give most of the staff* in the largest grades increases of about 18-19 per cent. The increases include wide variations across differing grades.

While still insisting publicly that the increases should be paid in full from today (the due settlement date), the unions have accepted Government insistence that the deal will have to be staged.

There is considerable disagreement between the unions over what form the staging will take. This is likely to be aired when the general secretaries and senior officials of all nine unions meet today.

A confidential paper which sets out ways of staging the deal has been drawn up by the unions' National Staff Side, after informal discussions with the Civil Service Department.

The paper says the larger the amount paid in a first stage from April, the longer the wait before the next stage can be paid—if the overall cost is to be kept within the 16.85 per cent available from the cash limit and manpower cut announced last month.

CSD officials hope the staging could be completed in one or two months. But the Society of Civil and Public Servants, the *second-largest union*, is keen that about 15 per cent be paid from April 1 with a smaller amount to follow.

The Civil and Public Services Association, the largest union, is pressing a further idea, which would move the due date from April to June, or more probably July, in line with the settlement for the industrial civil servants.

This would allow the increases to be paid in one amount, and would be the least expensive way for the Government to meet the cost of the deal.

Moving the date would prejudice future use of the Pay Research Unit comparability system to determine Civil Service pay increases. But officials are convinced the risk is worth taking since pressure is building up in both the CPSA and the Institution of Professional Civil Servants to withdraw from the system.

Most unions have agreed or are very close to agreeing the size of the increases for their grades. The CPSA executive has authorised Mr. Ken Thomas, CPSA general secretary, to reach agreement after clearing up an outstanding problem with the maxima for the union's two largest grades of Clerical Officer and Clerical Assistant.

The union has sent a circular to its member, who form more than a third of total Civil Service white-collar workers, saying the size of the deal is likely to be about 18-19 per cent.

One point on the union's scales shows an increase of just under 23 per cent, but the variations are wide. Last year one of the union's scale points had a 43.7 per cent increase, but the overall level for the main grades was 20-23 per cent.

The overall size is roughly the same for the SCPS. Officials of the First Division Association, which represents about 10,000 top civil servants, and whose negotiations follow closely those of the SCPS, will recommend acceptance of the deal to the union's executive tomorrow.

The Civil Service Union, which represents lower-grade staff, is also likely to be able to settle quickly since some of its grades' PRU-based increases fall below the 14 per cent cash limit figure, and range as low as 12 per cent. A number of the union's grades are likely to settle at around the CPSA level.

Chancellor criticised on health insurance

By Eric Short

PRIVATE PATIENTS Plan, the second largest medical insurance company in the UK, has attacked Sir Geoffrey Howe, Chancellor of the Exchequer, for not providing any tax incentives for medical insurance schemes arranged by employers.

The 1976 Finance Act provided that if a company arranges a private health insurance scheme for employees, then each individual member of that scheme is taxed as a benefit in kind on the premium paid by the company. If the employee pays part of the contribution, there is no tax relief as with company pension schemes.

The Conservative Manifesto last year stated that this type of medical insurance would be relieved of tax, but as yet no action has been taken. The Conservative Government has also pledged to encourage the private medical sector.

But Mr. David Lock, managing director of PPP, expressed his disappointment at the continued lack of tax incentive for company medical insurance schemes, coming as it did immediately after the 35 per cent rise in National Health Service paybed charges.

He pointed out that the Government was anxious to encourage people to do more for themselves and he hoped that it would find some way of introducing an incentive for people to be covered by private health insurance.

Nott refutes import controls scare stories

BY IVOR OWEN

SCARE STORIES that Britain faces imminent and total de-industrialisation are "simply not true," Mr. John Nott, the Trade Secretary, declared in Commons yesterday.

He emphasised that the Government *has no plans* for imposing further import controls on manufactured goods.

Mr. Nott complained of exaggerated talk about the de-industrialisation of Britain when agreeing with Mr. William Hamilton (Lab, Central Fife) that there was probably a majority of MPs who would refuse to accept the view that permanent and general import controls offered the most effective solution to Britain's trading problems.

But Mr. Hamilton argued that there was an increasingly strong case for further selective import controls on a temporary basis if only to prevent or at least retard the de-industrialisation process.

While acknowledging that Mr. Hamilton had urged temporary rather than permanent import controls, Mr. Nott pointed out that, if motor vehicles alone were excluded, the import export ratio had only declined by 1 per cent in 1978 and 1979.

Mr. Anthony Grant (C., Harrow Central), warned that temporary import controls could all too soon become permanent and develop into a slippery slope and a form of protectionism from which it was hopeless to escape.

NOTT: Complained of exaggerated talk.

If this were to happen, he said, it would be disastrous for the British economy and do nothing for the interest of consumers or increase the efficiency of British industry.

Mr. Nott agreed that the countries against which temporary import controls were imposed would probably retaliate against British exports whether the controls were temporary or permanent.

Britain, he stressed, was an exporting nation with nearly one-third of its gross domestic product in exports.

"It is the export penetration of overseas markets which we should be concentrating on," he insisted.

When Mr. Ioan Evans (Lab., Aberdare) referred to a BL advertisement highlighting the penetration of the British market by foreign companies, Mr. Nott underlined the fact that the motor car industry was still one of Britain's leading exporters.

Mr. Alan Clark (C., Plymouth Sutton), one of the few Government backbenchers who has consistently advocated import controls, claimed that the bulk of the questions put to the Minister, his detailed replies, and the earlier pronouncements on tufted carpets and man-made fibres, admitted the case for protectionism and its effectiveness.

In these circumstances was it right to assume that the Government's only objection to the wider application of import controls was fear of retaliation?

Mr. Nott denied that he had admitted the need for protectionism.

"What I do admit is the need for fair trade," he said.

Mr. Eric Heffer (Lab., Liverpool Walton), suggested that the Government should take a lesson from the Japanese who, while not operating strict import controls, so hedged round products going into their country that an effective system of import controls was in operation.

Government support for rural industries

By John Lloyd

THE GOVERNMENT is to continue its support for the Development Commission and its subsidiary, the Council for Small Industries in Rural Areas. The Commission receives £18m a year from Government, of which £9m is loaned by COSIRA.

Review

In addition, COSIRA receives a further £9m from the Industrial and Commercial Finance Corporation and the clearing banks.

Both the Commission and COSIRA are currently under review. However, Mr. Tom King, the Local Government Minister, has said that the two organisations will have a continuing role.

Constraints

"There is undoubtedly a major job to be done, and one in which private sector funds as well as public resources have a vital part to play. So soon after Sir Geoffrey Howe's Budget, no one can be in any doubt of the severe constraints on public funds. I am therefore particularly pleased at the way in which both the Commission and COSIRA have managed to increase their potential to help by enlisting private sector funds as well."

Hold-up in salary offer angers power station managers

BY ALAN PIKE, LABOUR CORRESPONDENT

SENIOR MANAGERS in the electricity supply industry are angry at a threatened delay in their pay settlement while the Government awaits the recommendations of the 1980 Boyle top salaries review body for area electricity board deputy chairmen.

Pay increases of about 17 per cent were agreed for power station engineers last month, and these will be paid from today. But the Electricity Council declined to make any offer to the 1,700 power station managers who supervise the engineers until the Boyle recommendations are known.

Although the managers are not themselves covered by the Boyle terms of reference, the council apparently fears that an award at this stage could cause complications later in the year when the review body's recommendations for area board chairmen and deputy chairmen are known.

The delay provoked protests on behalf of the managers at the Electrical Power Engineers' Association conference at Llandudno yesterday. Delegates expressed fears that the managers could be kept waiting until September if they have to delay until the 1980 Boyle recommendations are considered by the Government.

Union leaders will meet the Electricity Council again next month, and could be drawn into dispute if they fail to get an offer then.

Mr. John Lyons, general secretary, said that the union was "not going to abandon the managers without a proper settlement," and in that sense there was no point in the Electricity Council waiting for Boyle. The main grades of managers earn between £13,400 and £18,750, and the most highly paid engineers will receive £16,000 under the new settlement.

An arbitration ward published this year recommended that the top salaries review body should be asked to consider the "apparently anomalous position" created by the Area Electricity Boards coming within their review.

Mr. Lyons has written to Mr. David Howell, Energy Secretary, raising the issue, and pointing out that the matter originally went to arbitration because in recent years the salary levels recommended by Boyle for managerial appointments in the electricity supply industry had increased at a much lower rate than salaries of other staff.

Engineering groups criticised

BY ALAN PIKE

SOME PROFESSIONAL engineering institutions are supporting the Finniston Report's central proposal for a new engineering authority "in such a way as to render the concept meaningless," Mr. John Lyons, general secretary of the Engineers and Managers Association said yesterday.

There were, said Mr. Lyons, honourable exceptions, including the institutions of electrical engineers and chemical engineers. However, the Council of Engineering Institutions was proposing the gutting of the authority by establishing three separate organisations instead of one. *The Institution of Mechanical* Engineers wanted a weaker authority without the political standing proposed by Finniston.

"The TUC has collected the preliminary views of unions with engineering members and they are overwhelmingly in favour of the engineering authority," Mr. Lyons told the conference of the EMA's Electrical Power Engineers' Association at Llandudno.

"I believe that today trade unions better express the views of individual engineers than the institutions themselves," he said.

The conference resolved that everyone concerned with the role of the engineer in aiding British industry's recovery should give full support to the "central message and central recommendations of the Finniston report."

No Government decision has been taken on the report's recommendations for the engineering authority and changes in education and registration of professional engineers. The subject is high on the agenda for tomorrow's meeting of the National Economic Development Council.

Mr. Lyons said the central message of Finniston could be summarised very simply. He said in Britain the engineer was less well used, less well trained, less well regarded and less well paid, than in any major industrial competitor country. This *was one of the principal reasons* for the nation's industrial decline.

Establishment of the engineering authority would demonstrate that Parliament at long last recognised the central importance of the industry and it *would "introduce an organisation* for the engineering profession able to speak for it at national, political level which for the first time will have real political clout."

TUC opposition to Budget proposals

BY RICHARD EVANS, LOBBY EDITOR

VIGOROUS OPPOSITION to the Budget proposals because they would "push up prices and unemployment to alarming proportions" was expressed yesterday by the TUC-Labour Party liaison committee.

The committee confirmed that the Labour movement intends to intensify its campaign against the Government's economic strategy and in favour of Labour's economic alternative.

There was some pressure on Mr. Callaghan at the meeting to come out in favour of more widespread import controls.

On the Budget, the committee attacked in particular the increase in prescription charges, the failure to raise child benefits in line with prices, and the penalising of the families of those involved in industrial disputes.

The proposed enterprise zones would not get to grips with unemployment in the inner city areas at a time when the Government aimed to cut regional assistance *still* further in the rest of the UK. It was argued.

The committee felt that the abolition of the 25 per cent reduced rate income tax band, together with other Budget measures, had increased the tax burden.

Increased duties would push up the cost of living and the further public expenditure cuts would hit education, health and personal social services.

The proposed cutback in the real level of unemployment benefits would drive a wedge between those out of work and those lucky enough still to have a job.

Higher prices 'not part of EEC budget package'

BY IVOR OWEN

HIGHER PRICES for EEC wine, milk and sugar producers will form no part of any package deal designed to secure agreement on a reduction in Britain's contribution to the *Community* budget, Mr. Peter Walker, the Agriculture Minister, assured the Commons yesterday.

The possibility that earlier Government pledges—to press for a freeze on commodities in structural surplus in the current EEC farm price negotiations—might be abandoned by the Prime Minister when the budget issue is next discussed at the EEC summit, was raised by Mr. **Ron Leighton** (Lab, Newham North East).

Mr. Walker told him: "The Prime Minister totally agrees with the view I am taking at Brussels at the present time."

In a statement on last week's Council of EEC Agriculture Ministers, he confirmed having taken a tough line in stating Britain's view that there should be no price increases for commodities in structural surplus.

He had also recorded Britain's demand for the continuance of the consumer butter subsidy, the need to retain the beef premium scheme until a better system could be agreed, and the need to provide the whisky industry with the export refunds *to which it was entitled.*

While welcoming the reaffirment of the Government's determination to secure a price freeze for commodities in structural surplus, *Mr.* **Roy Mason**, Labour spokesman on agriculture, attacked Mr. Walker's declared aim to use the EEC's "green currency" system to protect its food exporters rather than its consumers.

Mr. Mason saw this as another attempt to punish British consumers who had already been hit by four devaluations of the "green pound" which had benefited farmers to the extent of £340m.

There had been a 4 per cent rise in the food price index solely due to these devaluations.

Details Page 10

Company winners and losers, Page 22

Shorter hours deals increasing

BY PAULINE CLARK, LABOUR STAFF

NEARLY 20 per cent of workers have won agreements for reduced hours in the past two years, says a survey published yesterday by the Labour Research Department.

In what the department claims is the biggest survey published on the subject, 4m workers are shown to have been affected by 59 national and 247 local agreements.

Evidence that the trade union campaign to cut hours "has built up real momentum since 1978" is compiled in the department's latest issue of Bargaining Report, a bi-monthly publication for trade union negotiators.

The report says that apart from the engineering agreement, which dominated the total number of workers covered by such agreements, there were "dozens" of other deals in industries affecting the public and private sector and manual and non-manual workers.

Shorter hours agreements applied to a slightly higher proportion of private sector workers, but more than 1m public sector employees—15 per cent of the total—won 12 agreements.

Among white-collar workers, deals on a 35-hour week are becoming "a practical target" for negotiators, especially in *industries such as printing* which are affected by new technology, says the report.

The survey finds that nearly 750,000 workers already have a shorter week because of agreements in force. About 400,000 are covered by national agreements, and about 300,000 by local ones.

Thirty-two national agreements affecting 3.6m employees are due for implementation between now and the end of next year.

A one-hour cut in the 40-hour week is a common formula for manual workers, but a number of major employers have agreed to bigger cuts, says the report. These are said to include Metal Box, Ronson Products, BAT, Fisons, Reliant and Beecham.

The research department is trade union sponsored and has 1,900 affiliated union bodies.

Steel's 'breakaway appeal' to Labour

BY ELINOR GOODMAN, LOBBY STAFF

MR. DAVID STEEL, the Liberal leader, yesterday launched his party's most aggressive—and *carefully tailored—bid for disillusioned* Labour supporters with a challenge to Labour's Social Democrats to show the courage of their convictions by breaking out of what was now a "bankrupt party."

Specifically mentioning Shirley Williams and Bill Rodgers by name, he said that Social Democrats in the Labour Party were already nearing the end of their tether. This year's Labour Party conference would leave them with no honest option but to break away. The Liberal Party, he promised, would be prepared to work with such a breakaway.

Mr. Steel, whose recent talk of the Liberal Party forming *the nucleus of some new* grouping of the centre has alarmed some local Liberal parties, made it clear, however, that there was no question of the Liberal Party being submerged into a new centre party "at least until after the next election."

He said he had told those Labour MPs who had asked him what help they could expect from the Liberal Party if they were thrown out by their local Labour Party that the Liberals would not be prepared to "act as a lifeboat."

Before the Liberals would be prepared to stand down their candidates, he implied, disenfranchised Labour MPs would have to agree *on some common* policies.

The Liberals used the excuse of the 80th anniversary of the founding of the Labour Representation Committee to launch what they described yesterday as a "Liberal takeover bid" with a pamplet entitled "Labour at 80. . . Time to retire." Throughout, the emphasis was on the way the Liberals had now taken over the mantle of true social democracy from Labour.

Labour, they claimed, was now incapable of putting forward relevant new ideas

It was now, he claimed, structurally impossible for the Labour Party to reform itself. *The most Labour MPs had to* look forward to was a "fudged" up compromise at this year's conference. This might be well enough for the "ambitious like Roy Hattersley or David Owen," but it should not be enough to satisfy those who honestly believe in social democracy.

What was desperately needed now, he argued, was a "movement of reform coalescing round a resurgent Liberal Party." There was room in this movement, he stressed, both for "socially responsible Conservatives and radical socialists."

STEEL: Challenged Labour's Social Democrats.

United Newspapers hit by NGA stoppage

NEARLY 40 provincial newspapers in the United Newspapers Publications group were hit by a 24-hour stoppage by print craftsmen from midday yesterday as part of a national campaign of action over pay in the general print industry.

United Newspapers said all its seven evening papers were prevented from appearing yesterday and its [illegible] dailies would not appear this morning. The action would also affect its 30 weaklies although they were not expected to be prevented from publishing.

The action, in the form of mandatory chapel (union branch) meetings of members of the National Graphical Association, followed a similar pattern of disruption last week at newspapers owned by the Thomson Regional and the Northcliffe groups.

About 65,000 printers employed on provincial newspapers *and general print companies* are involved in the NGA's campaign of selective action in support of an £80 minimum earnings claim and a 37½ hour week by 1981.

Employers represented by the Newspaper Society and the *British Printing* Industries Federation have offered £75 and a shorter week by July 1982.

Liverpool port to stay closed

THE OFFICIAL dock strike over the handling of an export cargo *of steel, which has closed the* Port of Liverpool for 12 days, is to continue in spite of the likely settlement of the steel strike.

Talks were resumed yesterday between the Liverpool Port Employers' Association and the Transport and General Workers' Union, but were adjourned after 2½ hours.

The employers said: "The meeting failed to resolve the outstanding point of difference."

This is understood to centre on the handling of an export cargo of steel which sparked off the strike.

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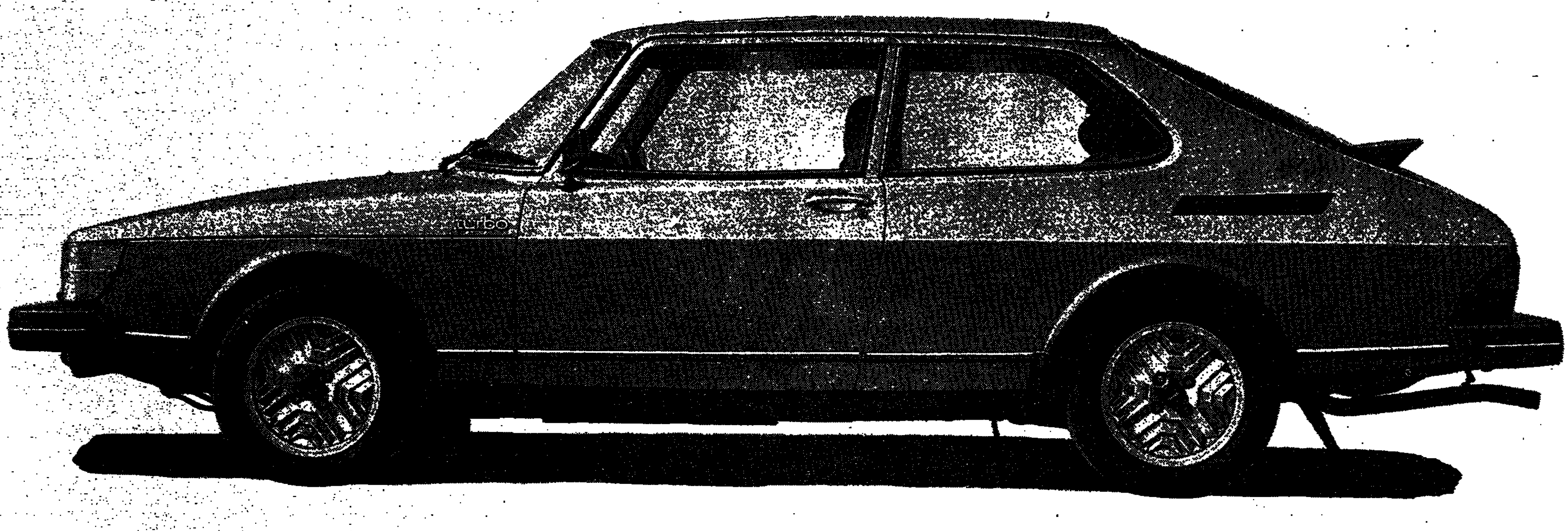
What Car? - 1980 "Best 'Car'" Directors



The superlative SAAB 900 Turbo was the outright winner when What Car? tested 16 prestige cars to find the best Directors' car.

Results

	Car
1st	SAAB 900 Turbo
2nd	Vauxhall Royale
3rd	Opel Monza
4th	Renault 30TS
5th	Ford Granada Ghia 2.8i
6th	Renault 30TX
7th	Jaguar XJ5.3
8th	Citroen CX Pallas
9th	Audi Avant GL5S
10th	Rover 2600
11th	SAAB 900 GLE
12th	Lancia Gamma
13th	BMW 730
14th	Peugeot 604Ti
15th	Mercedes-Benz 280SE
16th	Datsun 280ZX 2+2

"Longer and more sophisticated than its predecessor, the 900 is very much in the "Directors'" class. Performance is, of course, superb; the boosted engine doesn't have the standing start snap of larger capacity rivals but it can't be beaten for mid-range punch. For a big, front-drive car it can also be hustled through corners very smartly, thanks in great part to the excellent power steering and the grip of the low profile Pirelli P6 tyres. But it is practical virtues that complete the Saab so well: the comfortable seats, the smart new fascia and, of course, the massive carrying capacity of its hatchback design. What is more, the Turbo combines speed, quality, practicality and comfort with a degree of economy and realism never before found."

What Car? - APRIL '80

SAAB turbo
Born to Lead

Saab (Gt. Britain) Limited,
Saab House, Marlow Bucks. SL7 1LY. Tel: Marlow (06284) 6977. Export Enquiries – Tel: 01-491 2905.
Fleet Enquiries – Tel: Chesterfield (0246) 450244.

SAAB 900 Turbo. 3 and 5-door hatchback, simulated urban driving – 20.3 mpg; (13.9 litres per 1/100 km); constant speed driving 90 kph (56 mph) – 41.2 mpg (6.9 litres per 1/100 km); constant speed driving 120 kph (75 mph) – 32.5 mpg (8.7 litres per 1/100 km).

First mandatory standard published for inflation accounting practice

MICHAEL LAFFERTY reports on the new standard on inflation accounting, published yesterday by the UK and Irish accountancy bodies. It is known as SSAP (statement of standard accounting practice) 16.

THE UK and Irish accountancy bodies yesterday published the first mandatory accounting standard for the British Isles on "inflation" accounting.

The new standard, known as statement of standard accounting practice 16, or SSAP 16, applies to published accounts for periods beginning after January 1, 1980.

SSAP 16 applies to all listed companies and large unquoted companies, and is advisory as far as other business entities are concerned.

It prescribes the following as standard accounting practice:

Scope

1—This accounting standard applies to all annual financial statements intended to give a true and fair view of the financial position and profit or loss other than those of entities falling within the categories listed below:

(a) entities which do not have any class of share or loan capital listed on the Stock Exchange and satisfy at least two of the following three criteria: (i) they have a turnover of less than £5,000,000 per annum; (ii) their balance sheet total at the commencement of the relevant accounting period is less than £2,500,000 as shown in the historical cost accounts; and (iii) the average number of their employees in the UK (UK entities) or in the Republic of Ireland (Republic of Ireland entities) is less than 250;

(b) wholly-owned subsidiaries of companies or other entities where the parent is registered in the UK or Republic of Ireland.

(c) (i) authorised insurers, (ii) property investment and dealing entities, with the exception of such entities as hold the properties of another entity within the group to which this standard does apply; and (iii) investment trust companies, unit trusts and other similar long-term investment entities; and (d) entities whose long-term primary financial objective is other than to achieve an operating profit (before interest on borrowing): such entities may include charities, building societies, friendly societies, trade unions and pension funds.

2—Annual financial statements of entities coming within the scope of the standard should include, in addition to historical cost accounts or historical cost information, current cost accounts prepared in accordance with this standard. The current cost accounts should contain a profit and loss account and balance sheet, together with explanatory notes.

3—This requirement to include current cost accounts in addition to historical cost accounts or historical cost information can be complied with by:

(a) presenting historical cost accounts as the main accounts with supplementary current cost accounts prominently displayed; or

(b) presenting current cost accounts as the main accounts with supplementary historical cost accounts; or

(c) presenting current cost accounts as the only accounts accompanied by adequate historical cost information. The historical cost disclosure requirements will be clarified when the EEC Fourth Directive is enacted in UK/Irish law. Meanwhile, an entity preparing current cost accounts as its only accounts should provide at least sufficient information to enable the user to ascertain the historical cost profit of the period under existing conventions.

The current cost profit and loss account

4—The current cost operating profit is derived by making the following main adjustments to the historical cost trading profit (before interest on net borrowing) to allow for the impact of price changes on the funds needed to maintain the net operating assets:

(a) in relation to fixed assets, a depreciation adjustment being the difference between the proportion of their value to the business consumed in the period and the depreciation calculated on the historical cost basis;

(b) in relation to working capital: (i) a cost of sales adjustment being the difference between the value to the business and the historical cost of stock consumed in the period; and (ii) an adjustment based on monetary working capital.

5—Where a proportion of the net operating assets is financed by net borrowing, a gearing adjustment is required in arriving at the current cost profit attributable to the shareholders. This should be calculated by:

(a) expressing net borrowing as a proportion of the net operating assets using average figures for the year from the current cost balance-sheets; and

(b) multiplying the total of the charges or credits made to allow for the impact of the price changes on the net operating assets of the business by the proportion determined at (a).

This adjustment, normally a credit, could be a debit if prices fall.

6—No gearing adjustment should be made in the profit and loss accounts of Nationalised Industries in view of the special nature of their capital structure. Accordingly, in such cases interest on their net borrowing should be shown after taxation and extraordinary items.

7—The treatment within the current cost profit and loss account of gains and losses on asset disposals, extraordinary and exceptional items, prior year items, income from associates, group consolidation adjustments, minority interests and the translation of foreign currencies, should, where practicable, be consistent with the definitions of profit set out in this standard. Where this is impracticable, the treatment adopted should be disclosed in a note to the current cost accounts.

The current cost balance sheet

8—Assets and liabilities should be included in the balance sheet, as far as practicable, on the following basis:

(a) Land and buildings, plant and machinery and stocks subject to a cost of sales adjustment—at their value to the business.

(b) Investments in associated companies—either at the applicable proportion of the associated companies' net assets stated under this standard or, where such information is not readily available, at directors' best estimate thereof. Allowance for premium or discount on acquisition should be made as stated under (e) below.

(c) Other investments (excluding those treated as current assets)—at directors' valuation. Where the investment is listed and the directors' valuation is materially different from mid-market value, the basis of valuation and the reasons for the difference should be stated.

(d) Intangible assets (excluding goodwill)—at the best estimate of their value to the business.

(e) Goodwill (premium or discount) arising on consolidation—on the basis set out in SSAP 14. Where goodwill is carried at an amount established before the introduction of SSAP 14, it should be reduced to the extent that it represents revaluation surpluses relating to assets held at the date of acquisition.

(f) Current assets, other than those subject to a cost of sales adjustment—on the historical cost basis.

(g) All liabilities—on the historical cost basis.

9—Reserves in the current cost balance sheet should include revaluation surpluses or deficits and adjustments made to allow for the impact of price changes in arriving at current cost profit attributable to shareholders. Amounts to reduce assets from net current replacement cost to recoverable amount should be charged to the profit and loss account.

Contents of accounts

Profit and loss account

10—The current cost profit and loss account should show (not necessarily in this order):

(a) the current cost operating profit or loss;

(b) interest/income relating to the net borrowing on which the gearing adjustment has been based;

(c) the gearing adjustment;

(d) taxation;

(e) extraordinary items; and

(f) current cost profit or loss (after tax) attributable to shareholders.

11—A reconciliation should be provided between the current cost operating profit and the profit or loss before charging interest and taxation calculated on the historical cost basis giving the respective amounts of the following:

(a) depreciation adjustment;

(b) cost of sales adjustment;

(c) monetary working capital adjustment and, where appropriate, interest relating to monetary working capital; and

d) other material adjustments made to profits calculated on the historical cost basis when determining current cost operating profit.

The adjustments for cost of sales and monetary working capital may be combined.

Balance sheet

12—The current cost balance sheet (which may be in summarised form when a full historical cost balance sheet is disclosed) should show the assets and liabilities of the entity on the bases required by this standard. Notes to the balance sheet should disclose the totals of net operating assets, net borrowing and their main elements. The balance sheet should be supported by summaries of the fixed asset accounts and the movements on reserves.

Notes to the accounts

13—The notes attached to the current cost accounts should describe the bases and methods adopted in preparing the accounts particularly in relation to:

(a) the value to the business of fixed assets and the depreciation thereon;

(b) the value to the business of stock and work in progress and the cost of sales adjustment;

(c) the monetary working capital adjustment;

(d) the gearing adjustment;

(e) the basis of translating foreign currencies and dealing with translation differences arising;

(f) other material adjustments to the historical cost information; and

(g) the corresponding amounts.

Earnings per share

14—Listed companies should show the current cost earnings per share based on the current cost profit attributable to equity shareholders before extraordinary items.

Group accounts

15. A company which is the parent company of a group and which is required to produce current cost group accounts should produce such group accounts in accordance with the principles set out in this standard. But it need not produce current cost accounts for itself as a single company where historical cost accounts are the main accounts.

Corresponding amounts

16. In all accounts prepared in accordance with this standard corresponding amounts for the preceding period should be stated. But unless current cost accounts are the main accounts, corresponding amounts need only be included for the first period for which current cost accounts are prepared if they are readily available.

Relationship with other standards

17. Existing standards issued for use with historical cost accounts apply to current cost accounts except where a conflict arises from the conceptual difference between the systems. The four fundamental accounting concepts in SSAP 2 should be observed and information on accounting policies should be given. The source and application of funds statement required by SSAP 10 should be compatible with the main accounts.

Date from which effective

18. The accounting practices set out in this standard should be adopted as soon as possible. They should be regarded as standard for annual financial statements relating to accounting periods starting on or after January 1, 1980.

Pre-tax profits 'will fall by 35%'

THREE LEADING City stockbroking firms—W. Greenwell, Phillips and Drew, and de Zoete and Bevan—published circulars yesterday estimating the impact of the new CCA accounting system on quoted companies' reported results.

Greenwell estimates that, on average, 1979 pre-tax profits will fall by 35 per cent under the SSAP 16 method of accounting, as compared with traditional historic cost methods. This estimate is based on expected results from 165 major listed companies for which Greenwell analysts produce forecasts.

Phillips and Drew, basing its estimates on the effects of SSAP 16 on the profits of 150 major quoted companies, is broadly in line with Greenwell in forecasting a 36 per cent decrease in 1979 reported pre-tax profits.

"At the post-tax level, published profits are halved. However, the more meaningful comparison for investment analysts is between the historic cost fully-taxed profits and the CCA profits with no deferred tax. On this basis the reduction in post-tax profits under CCA is about 33 per cent."

Looking to 1980 results, Phillips and Drew expects the average reduction in pre-tax profits to be about 40 to 45 per cent. "CCA dividend cover will be down to about 1.1 times, implying that almost half the companies will be paying dividends which are not fully covered by CCA earnings."

Turning to the balance sheet and using 1978 figures P and D reckon that capital employed rises 35 per cent under SSAP 16, while shareholders' funds, and net asset values, rise by as much as 55 per cent. As a result, balance sheet gearing, which was at an historically low level at the end of 1978, falls from 21 to 15 per cent.

De Zoete and Bevan says that a current cost return on capital employed of between 8 and 10 per cent would appear to be an adequate aim for a company. The equivalent required net of tax return on shareholders' equity would be about 6 per cent.

While these returns appear to be higher than those which appear to be earned based on government statistical sources, de Zoete believes that the official figures may be understating the true position.

The claim is backed up by a study of current cost profitability of 31 large manufacturing companies which have published adequate CCA information for years ending around December 1978.

The average CCA return of 7.2 per cent on capital employed is depressed by the inclusion of a few large companies such as Dunlop and GKN, which have a materially lower return. If other dominant companies such as ICI and Unilever were removed from the figures, the other 22 companies in the sample have an overall current cost return on capital employed of 10 per cent.

"In our view this is an entirely adequate level of profitability, and suggests that, before the onset of the current recession, there were a large number of major British companies which were earning a highly respectable rate of current cost profit on their assets," comments de Zoete.

De Zoete believes that over the next two years investors will turn increasingly to shares in companies with adequate current cost profitability, and that the prices of shares with low or negative current cost profits will suffer relatively.

This will mean continued appreciation of shares in the financial and service sectors by comparison with those in manufacturing; there will also be differential price movements within the manufacturing sector between the shares of companies which can achieve adequate current cost profitability and those which cannot."

THE list below shows Greenwell's estimates of the effects of applying SSAP 16 adjustments industry by industry.

FTA SECTORS	SSAP 16% Pre-tax Change Compared With Historic Cost
Badly affected	
Textiles	−70
Motors & Distributors	−64
Metals	−54
Chemicals	−51
Oil (BP only)	−48
Mech. Engineering	−40
Packaging & Paper	−36
Banks	−35
Pharmaceuticals	−29
Average	
Electricals	−27
Electronics, Radio, TV	−26
Food Manufacturing	−26
Building Materials	−23
Breweries	−22
Tobacco	−21
Food Retailing	−16
Little affected	
Stores	−12
Insurance Brokers	−11

GO EAST WITHOUT GOING WEST.

A 20 hour flight to the Far East can put years on you. It's not easy, after all, to do anything in an airline seat but doze. And if the food and service has been as unremarkable as your rest, you are likely to arrive feeling considerably the worse for wear.

Fortunately, from April 2 there is a more civilised way of flying to the Orient.

Courtesy of Philippine Airlines' twice-weekly service from Gatwick to Bangkok and Manila.

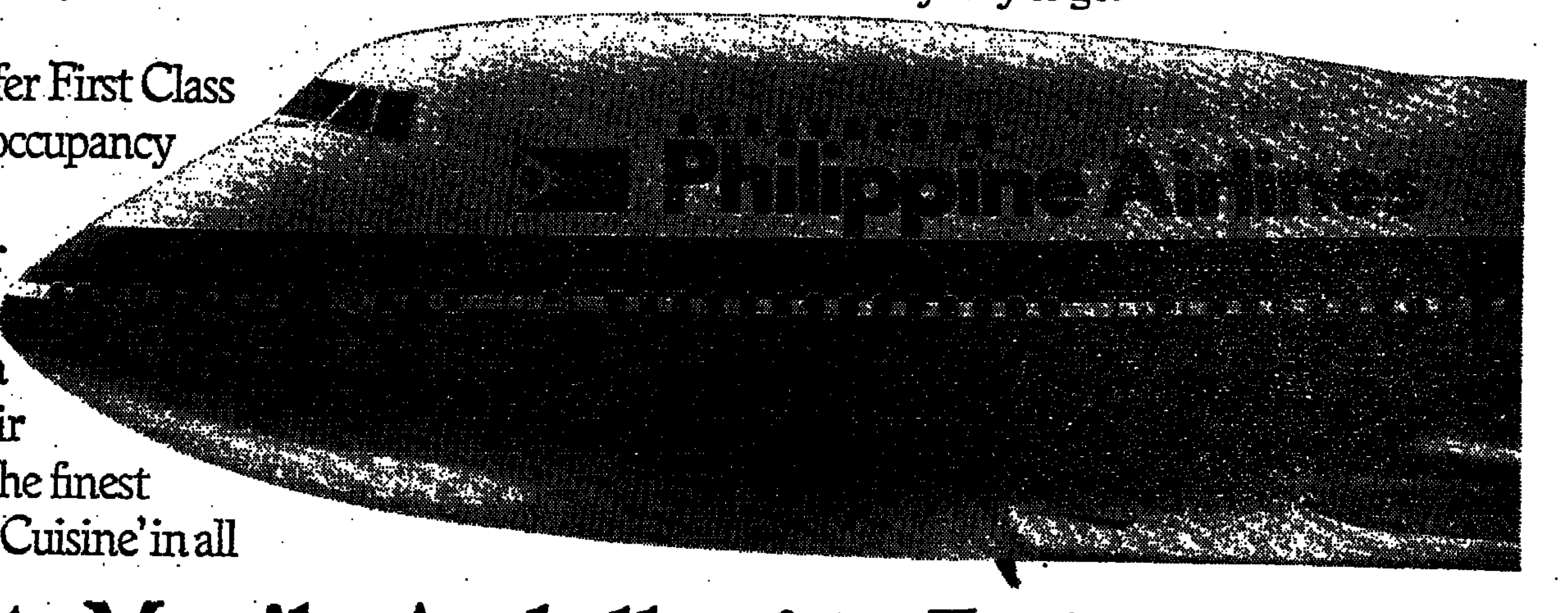
Our new 747s are the only aircraft to offer First Class passengers comfortable beds fully certified for occupancy during take-off and landing. So you can sleep undisturbed, even when we stop at Bahrain for fuel or Bangkok to disembark passengers.

During your waking hours, you can lunch and dine on what has been described by Plaisir Gastronome (the Swiss Gourmet Society) as the finest airline food in the world. We serve 'la Nouvelle Cuisine' in all classes. It is like no other airline food you have ever sampled.

And when you reach Manila, refreshed and raring to go, our extensive network can take you direct to all the great commercial centres of the East and Australasia.

So next time you go East, don't go West in the process. Fly Philippine Airlines. 14.40 hours, Wednesdays and Saturdays.

You'll find it's now the only way to go.



Twice a week to Manila. And all points East.

Business and Investment Opportunities

READERS ARE RECOMMENDED TO TAKE APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

BUSINESSES FOR SALE

PLANT AND MACHINERY

PRODUCTION CAPACITY

APPOINTMENTS

BP Oil director of marketing

Mr. D. A. G. Simon has been appointed to the Board of BP OIL as marketing director. Mr. Simon went to the marketing department when he joined British Petroleum in London in 1961. He became manager, automotive branch, 1970, sales director, BP Holland, 1972, and in 1975 joined the BP regional directorate, Europe. In 1977 he was appointed a regional co-ordinator with responsibility for Benelux and Switzerland, maintaining his marketing and EEC co-ordination role within the European Directorate. Mr. J. A. Riddell-Webster has retired as a deputy managing director of BP Oil.

Mr. D. A. G. Simon

★

Sir David Checketts has been appointed a director of INITIAL SERVICES and Mr. K. C. Turner has retired from the Board.

★

Mr. Roger Corley has been appointed deputy general manager of the CLERICAL MEDICAL & GENERAL LIFE ASSURANCE SOCIETY from May 7 and will continue as actuary of the Society and a director. On the same date, Mr. Andrew O'Leary, an assistant general manager and director, will become secretary of the Society in succession to Mr. Hugh Beetlestone, who is retiring.

★

Mr. David C. Walsh has been appointed group managing director of ELLIS AND EVERARD from May 1. In addition to his position as managing director of Ellis and Everard (Chemicals), Mr. Walsh will control and develop the group's other interests.

★

Mr. H. S. Sever has retired from the Board of the REFUGE ASSURANCE COMPANY. Mr. R. J. Proctor-Pearson is to become a non-executive director at the next annual meeting.

★

Mr. R. G. Hooker has been elected a non-executive director of JAMES AUSTIN STEEL HOLDINGS.

★

Mr. Geoffrey W. Collier and **Mr. Antony C. Doulton** have been appointed senior managers of VICKERS DA COSTA, stockbrokers.

★

Sir David Nicolson has resigned from the Board of MEPC because of his increasing involvement in European Parliamentary affairs.

★

Mr. D. J. Rutter has retired from the Board of FIRST NATIONAL FINANCE CORPORATION on completion of his secondment from Barclays Bank.

★

Mr. Kenneth E. Holmes, managing director of the RENWICK GROUP since the beginning of 1976, has become chief executive in place of Mr. Clifford W. Wilton, who remains executive chairman and retires as chairman next year. Mr. David King, managing director of Marine Projects (Plymouth), has been made a member of the parent company Board. Admiral Sir David Williams has joined the group and has been appointed chairman of Renwicks Air Freight and chairman of Plymouth-based Western Offshore Services, a company jointly owned by Renwicks and Graham-Reeves.

★

Mr. F. T. Powell and **Mr. A. E. Herring** are retiring on April 25 and will cease to be members of LAING AND CRUICKSHANK, stockbrokers. Mr. R. A. Stormonth-Darling will succeed Mr. Powell as chairman of the company and Mr. P. S. Barley and Mr. P. Jones (subject to election as a member of the Stock Exchange) will become members of the company.

★

Mr. Ian Lockwood has been appointed to the board of AMALGAMATED DISTILLED PRODUCTS. He is responsible for group marketing policy and brand development.

★

Mr. D. O. Spyer, formerly a director of Hill Samuel Securities, has been appointed to the Board of C. E. COATES & CO., the banking subsidiary of United City Merchants.

★

Mr. Clive Fenn-Smith has been appointed an executive director of BARCLAYS UNICORN GROUP. He was managing director of the M & G Group.

★

Mr. R. A. Douse, **Mr. R. C. G. Gardner**, **Mr. R. W. Heley**, and **Mr. W. S. James** have been appointed to the Board of HILL SAMUEL AND CO.

★

Mr. Louis Isidora has been appointed publisher of FINANCIAL TIMES WORLD BUSINESS WEEKLY, succeeding Mr. Joe Rogaly, the founder. Mr. Isidora joined that publication in August 1979 as general manager.

★

Mr. Charles Darby, managing director of Bass Mitchells and Butlers, has been appointed chairman of BIRMINGHAM VENTURE, a project launched by Birmingham Chamber of Commerce to promote growth in the city.

★

Mr. D. B. Hamilton-Smith and **Mr. J. M. Jackson** have been appointed to the Board of SANDERSON MURRAY AND ELDER (HOLDINGS).

★

MARLEY states that Mr. R. M. Armstrong has been appointed a director of Tuileries Marley Betopan and of Bisch Marley SA of France.

★

Mr. Michael Wildy has been appointed vice-chairman of BOOKER McCONNELL. Mr. Antony Haynes has become vice-chairman of the executive committee of the Board.

★

Mr. Peter Halliday has been appointed sales and marketing director to JOHNSEN AND JORGENSEN LIMITED, a member of the Johnsen and Jorgensen Group, based in Charlton, London.

★

Mr. Anthony R. Sly has been appointed managing director of A. AND J. C. ANNAN. Mr. Peter M. St. A. Annan and Miss Janet A. Burden have joined the Board.

FINANCIAL TIMES SURVEY

Tuesday April 1 1980

Banking in West Germany

The mounting current account deficit and other unfamiliar—as well as unwelcome—elements in the West German economic scene have thrown the financial sector into some disarray. A reversal of the trend will demand considerable effort, in which the banks will have a key role to play.

Sudden shift in ground rules

By Jonathan Carr

THE GERMAN BANKS have been called leaders of the entrepreneurial spirit of the nation—and at least in the 1970s that seemed true. The great expansion of their business at home and abroad aided and reflected the image of West Germany as the economic leader of Europe and as the second biggest trading country in the world. Can the banks maintain this growth rate in the 1980s? More challengingly, should they even try, and if so on which sectors should their future expansion be based?

At first sight it may seem odd to raise these questions at all. The world has become used to the growth of the German banks just as it came to accept the rise of the Deutsche Mark as a second reserve currency (albeit far behind the dollar and against the wishes of the German monetary authorities). Indeed the appreciation of the currency—increasing the relative size of the balance sheet totals of German banks compared to those of foreign competitors—was one factor which helped make evident internationally the rise of this new force in banking.

As the Federal Republic enters the 1980s, this coherent and happy picture has changed to one of disorientation. The German monetary authorities, who only recently were acting to stem inflows of foreign funds on grounds that these upset their money supply targets and increase inflation, have completely reversed their policies. The aim now is to encourage such inflows so as to try to maintain a stable Deutsche Mark as a bastion against imported inflation, caused in particular by the rising price of oil expressed in terms of a strong dollar. Meanwhile the Federal Government is borrowing funds from the oil producers to help plug its own budget deficit—and is partly by-passing the commercial banking apparatus in doing so.

The visible trade surplus is declining (as are the Bundesbank's reserves) and the current account deficit is increasing. This is not the picture of Germany which the world has come to know and (sometimes unwillingly) admire. Is it a temporary distortion of a pattern or an absolute change? The answer is that neither the Germans nor the world can afford a Federal Republic which becomes a long-term net importer of goods and services together. But a reversal of the new trend will demand considerable effort, in which the banks will have a key role to play.

Looking back, it is clear that the German banking system has already been through one revolution — which moved apace in the 1970s but did not start then. A glance at the stastistics shows this clearly enough. At the end of the 1950s there were more than 13,000 banks with fewer than 30,000 offices countrywide. By the end of the 1960s there were fewer than 10,000 banks with nearly 40,000 offices. Today there are fewer than 6,000 banks with around 44,000 offices.

Levelling

Not only are there fewer banks, all extending their branch network to scoop up every last individual customer; there are fewer differences between the kind of business done by the different categories of bank — whether "big banks" like the Deutsche, Dresdner and Commerz, or regional or savings banks. That does not mean, of course, that there are no differences — but there has been a levelling process induced by the drive for the business of the ordinary "German-in-the-street."

No doubt this process was inevitable. As personal wealth grew with Germany's economic upswing, the pressure for the banks to cast their net over (or perhaps one should say extend their services to) the new legions of small savers became overwhelming. It is impossible to imagine the economic take-off of Germany in the late 19th century or its rebuilding after World War II without the close relationship between the banks and their industrial customers. But likewise the development of the German consumer society of the last couple of decades would have been unthinkable without the new orientation of the banks towards "*Massengeschaeft*"—banking services for everyone. It now seems the Germans may be consuming rather too much and producing rather too little—and that the banks will have to change their orientation again to take account of this.

Even without the new developments in Germany's international position, an examination of trends in German banking business over the last decade gives reason for pause. On the face of it the figures are highly impressive, with the big banks increasing their business volume from DM 78bn in 1970 to DM 218bn in 1978, the savings banks from DM 179bn to DM 408bn and the credit co-operatives from DM 58bn to DM 184bn.

But a comparison with the profits generated by this explosion of activity quickly reduces the euphoria. It would probably be a little unfair to compare the results of 1979 with those of 1970, since last year was clearly a poor one and in any case full details are not yet available. But in 1978 many banks produced some of the biggest profits in absolute terms in their history—eliciting some grumbling from customers about the size of bank charges and some wagging of fingers from the political Left. Yet for the big banks the operating result in 1978 expressed as a percentage of business volume totalled 0.54—hardly up from the 0.53 achieved in 1970 and well down on the 0.86 of the banking "boom" year 1975.

In fact profitability on this basis of comparison has declined each year since 1975. The same goes for the regional banks (although their position in this respect is better than at the very start of the decade) and for the credit co-operatives. Of the major groups only the savings banks and the closely linked central Giro institutions both markedly improved their position against 1970 and broke the trend of decline since 1975.

For the big banks and the regional banks this same comment applies. Both have made herculean efforts over the past decade to hold down administrative expenses — and have met with some success. But simultaneously the net interest and the net commissions both have received have declined as a percentage of business volume. It would clearly be absurd to ring an alarm bell over this development — but it would be just as wrong to be misled by absolute growth figures alone.

The rapid business expansion has had its price, and the trend is not one which could be tolerated indefinitely. One sign that this has been recognised is the current efforts of the banks to persuade customers to pay something like an economic price for transactions into and out of their accounts — an operation almost as hard as persuading readers to pay an economic price for a newspaper.

Winners

The time is clearly ripe for a consolidation in *massengeschaeft*. It is also ripe for a new drive by the banks into an even closer relationship with all those branches of industry which are, or could be, export winners. That implies, among other things, support for high-technology sectors and the ability to spot the entrepreneur with the good new idea but without the capital to develop it. In essence, that is what the banks have tried to do, alongside their drive for the small saver.

But the national need for development of high-value, high-technology goods which will have the edge on the competition in world markets is greater than ever. It cannot be done without the banks — and it imposes on the banker as well as the industrialist greater demands than ever.

What conclusions flow from this? One is that the universal banking system for which Germany is renowned appears to offer the best basis for meeting this new challenge. It is perhaps ironic that for years a Government-sponsored committee examined the system—and in particular whether the banks had undue influence on industry—and in 1979 came up with proposals, albeit modest, for change.

An American banker would no doubt be shocked at a "universal" system under which one and the same bank can take not only deposits but grant credit, advise on shares and launch new issues, while helping steer the policies of companies to which it has lent funds and about which its customers seek investment advice. But it could well be that in the 1980s this range of services under one roof will be more essential to the German businessman and industrialist than ever before.

It is similarly ironic that the debate about controlling activities in the Euromarkets, where German banks play a leading role, intensified just as these markets became more important than ever. It is apparent that the commercial banks alone cannot deal with the increased problems involved in recycling the surplus funds of the OPEC countries. But it is also clear that the recycling problem cannot be solved without the banks. At the start of the 1980s much of the theoretical discussion even at the end of the 1970s about banking structure and control begins to seem somewhat irrelevant.

How will the German bank at the end of the 1980s compare with its counterpart today? Almost exactly a decade ago the late Herr Juergen Ponto, head of the Dresdner Bank, said he foresaw the day when the internal distinction between domestic and international business would become obsolete. It would also become impossible for a banker to have an expert overview of all the banking activities in any single country, although he might well know one sector of international banking inside out. This trend to the "universal bank" of increasing specialisation is already there and seems bound to intensify in coming years. It is a fascinating prospect—but a daunting one for the manager who must sit at the top of the pyramid.

CONTENTS

BANKING IN WEST GERMANY II

Dense network around the country

WEST GERMANY has more than 5,000 banks with close to 40,000 branches—a remarkably dense network for a country with a population of less than 62m. Most of the business is in the hands of the 3,366 banks (end-1979) which report their monthly statistics to the Bundesbank—the central bank. Together these institutions have a business volume of more than DM 2,000bn and competition is intense not only between individual banks but between categories of bank.

The biggest single sector, accounting for about a quarter of total business, is the commercial banks—embracing the "Big Three" banks (Deutsche, Dresdner and Commerz), the regional banks, the branches of foreign banks in Germany and private banks. But anyone who imagines that the "Big Three" virtually dominate the German banking scene is a little adrift.

The business volume of the three together (numbered in the accompanying table as six since they have three West Berlin subsidiaries) accounts for little more than a tenth of the overall total—though they are indeed powerful, offering under one roof that universal service as clearing bank, merchant bank and broker for which the German system is renowned and sometimes rebuked. But they face growing competition at home and abroad not least from regional institutions (like Bayerische Vereinsbank of Bavaria) which are rapidly outgrowing the provincial origins their titles imply.

GERMAN BANKS
(position at end-1979)

Banking Group	Number	Business volume (DM bn)
Commercial Banks	250	537
of which:—		
a) Big banks	6	228
b) Regional banks	100	238
c) Branches of foreign banks	56	38
d) Private banks	88	33
Central Giro Institutions	12	356
Savings Banks	603	477
Central Institutions of Credit Co-operatives	10	89
Credit Co-operatives	2,294	229
Mortgage Banks	39	285
Instalment Sales Financing Institutions	126	25
Banks with Special Functions	17	137
Postal Giro and Postal Savings Offices	15	40
Total	3,366	2,176

Source: Deutsche Bundesbank

The two other categories of commercial banks have been going through precisely opposite developments. The number of branches of foreign banks has been increasing despite the many problems involved in penetrating the German banking scene. But the number of private banks has about halved over the last decade—with confidence particularly badly shaken by the Herstatt collapse of 1974. Still, the Herstatt shock waves have receded—and many of the private banks which remain have shown a resilience which augurs well for their future.

A major force for all these banks to reckon with is that of the savings banks (Sparkassen), with their huge network of more than 16,000 branches countrywide, and the 12 central Giro institutions (Girozentrale) in which they deposit much of their funds. The savings banks, mainly owned and run by local authorities, are legally bound to concentrate on support of the economy in their own region. But that does not stop them being a serious challenge to the commercial banks for the business of the small saver or the medium-sized business enterprise.

The Girozentrale act not only as central banks to the Sparkassen but as house banks for the government of the provincial States in which they are based. Increasingly they have spread their wings to compete in international business, too, led by the biggest of them, Westdeutsche Landesbank Girozentrale. Argument has long raged — and no doubt will long continue — over how far these institutions with a particular local responsibility should expand their presence on the international circuit.

There are even more credit co-operatives (Kreditgenossenschaften) than there are Sparkassen, also with their own central institutions and also competing for the small saver's money. The two kinds of co-operative are the people's banks (Volksbanken) and the Raiffeisen banks (named after the man who founded them). Both have their origins in the last century — the former to help urban workers develop financial solidarity, the latter doing much the same for those working on the land.

Of the remaining banking sectors, the mortgage banks (Hypothekenbanken) are the most important — 39 of them with a business volume of DM 285bn, chiefly engaged in long-term lending against security or public guarantee.

Jonathan Carr

Commercial banks strong but not all-powerful

WEST GERMANY'S three major commercial banks — Deutsche Bank, Dresdner Bank and Commerzbank — are large organisations by any standard. On a world scale they were ranked fourth, ninth, and 20th respectively in The Banker magazine's 1979 listing of top banks around the world. Together they employ around 80,000 staff, have around 3,000 offies and deal with some 11m customers — apart from other banks.

They are of course the flagships of everything that is special about German banking. Most of all they are universal banks, providing investment and commercial banking services side by side with little apparent concern for Anglo-Saxon concerns about conflicts of interest.

They are managed by men of high calibre, their management board members certainly have a reputation which stands them in good stead in the international banking community, and foreign bankers in Germany say their branch managers are better educated and more competent than their counterparts in Britain or the U.S. This is probably part of the German tradition, but it may also have something to do with the demands and attractions of universal banking.

People at Deutsche, Dresdner acnd Commerz are undoubtedly banking in a vacuum. They speak of close ties with Government and industry, of what is good for Germany, and of their banks' part in the extraordinary economic miracle which has taken place in post-war Germany.

Despite their relative international strength the big three banks do not exactly dominate banking in West Germany in anything like the way that the UK banking market is controlled by the big four clearing banks. Deutsche Bank, the largest of the German banks, reckons it has no more than 8 per cent of the retail banking market, and only 4 per cent in terms of deposit-taking. The other two banks together would be doing little more than the same again.

Dismiss

So while Deutsche, Dresdner and Commerz are undoubtedly the leaders on the German banking scene, they are by no means dominant. They operate in a market in which some 5,000 banks compete very strongly for a share of the cake. Against this background it is easier to understand why their senior executives can so easily dismiss claims of unfair competition from foreign banks in Germany. German commercial bankers think they are giving nothing much away when they say that the problems of the foreign banks relate to their organisations and their inability to approach the German banking market in the way the German banks do.

Deutsche Bank is the largest of the big three, with total disclosed group assets of DM150bn, 42,000 staff and 1,100 offices throughout Germany. As a branch bank it is to a large extent a retail bank. Indeed, 60 per cent of Deutsche Bank's total deposits come from retail customers, and of these 5-6ths are on savings accounts paying interest at rates between 5 and 7 per cent. Only one-sixth of personal deposits at Deutsche are on current account.

Dresdner, the second largest of the three, has published total assets of DM 140bn and 1,000 branch offices. Like Deutsche Bank it is headquartered in Frankfurt.

Commerzbank, the smallest of the three as a result of losing substantial operations in East Germany, has around 900 branches and 20,000 staff.

Euphamisms like "disclosed" and "published" are particularly necessary when it comes to the accounts of German banks, though it is only necessary to look at other aspects of their lengthy and often informative annual reports to realise that they do not have the same blanket disdain for those who are interested in their affairs as banks in other European countries. Apart from all the normal problems of German company accounts—the extent of consolidation and adherence to tax-based and often unsound accounting principles — the accounts of banks have the added negative credibility factor of secret reserves.

As such the published accounts do not fully reflect the true size of the individual banks, nor can there be any certainty that reported earnings bear any exact and logical relationship to what has really happened during the year. Because the accounting rules which the banks have to comply with are outmoded and irrelevent to the needs of shareholders or other accounts users the banks seem to get themselves tied up in all sorts of half meaningless book-keeping jargon.

The need for sensible accounting is nevertheless a live issue, one to which the banks seem to be giving more consideration. At last year's annual meeting of Deutsche Bank a shareholder questioning secret reserves was told by joint speaker Dr. Wilhelm Christians that "the balance sheet was always compiled in accordance with the letter and the spirit of the law and with prevailing opinion." The formation of undisclosed reserves was not a veiling tactic, he asserted, but "a necessary prerequisite in order to be able to continue sound management of the bank and also to safeguard for difficult years."

Speaking further on the matter a few weeks ago Dr. Christians was not adamant. However, secret reserves might be one of the most difficult things for the German banks to give up, he said. "We fight a permanent war against unexpected events."

Dr. Manfred Meler-Preschangy, a management board member at Dresdner, accepts that the German banks' accounts lose much credibility because of their accounting practices. He would like to see Dresdner listed in London or New York. But with accounts such as it now publishes this would not be on —in Now York anyway.

If German bankers, like many bankers elsewhere, are reluctant to disclose their true assets, and results they are not hesitant when it comes to talking about strategies, both national and international.

On the domestic front the preoccupation is with the familiar problems of rising costs, particularly on the staff side, and customer service. At the present time lending margins are very slim and industry is highly liquid. Securities and stock market-related business is also depressed.

There is much talk of automation, and a nationwide cash dispenser programme is on the cards in the near future. It is to be a co-operative effort among the banks to serve the needs of a population where every adult seems to have access and use of bank accounts and other banking services.

Coverage

Against this background it is hardly surprising that attention has been focusing more and more on international expansion. Here the big German banks still have a lot of ground to make up if they are to gain the same degree of coverage as their U.S. and UK competitors. Curiously, however, their attitudes to foreign markets are by no means uniformly expansionist.

Deutsche Bank, the largest of the three, and a leading partner in the EBIC European banking club, has now more or less reached the end of its current plans for international expansion, according to speaker Christians. As things stand, Deutsche Bank has European offices in London, Paris, Brussels, Antwerp, and a subsidiary in Luxembourg. Elsewhere, it has a wholesale branch in New York, and branches in Tokyo and South America. Atlantic Credit Corporation is the bank's investment banking arm and issuing house in New York.

Dr. Christians still sees a useful role for EBIC so far as Deutsche Bank is concerned. Like his colleagues at Midland Bank, he talks of having moved from a correspondent banking-based international strategy to a dual strategic approach, based on a combination of own initiatives and the old correspondent relationships. He agrees that this can lead to friction in some places like New York, where the new Deutsche Bank branch may have been causing some concern over at European-American Bank, the New York bank owned by the EBIC partners. "The market is big enough for both," he says.

Despite whatever innovations his board colleague, Dr. Ekhart van Hooven—the leading personality of German and continental European retail banking—could introduce to retail banking outside Germany, Dr. Christians says Deutsche Bank is not interested in retail banking outside Germany. Dr. Christians nothing to do with serving our domestic customers." He declares—implying an objective for Deutsche Bank which is above and beyond mere profit. Asked whether the UK, the largest unbanked retail market in Europe, has not least attracted his attention, he simply states that the EBIC banks have agreed not to compete in retail banking in their domestic markets.

Dr. Manfred Meier-Preschany, board member responsible for international banking at Dresdner, paints a vastly different picture so far as his bank's international ambitions go. "We have to find our growth pattern abroad. Our network [branches in New York, Chicago, Los Angeles, London, Paris Tokyo, Madrid, Hong Kong and Singapore] is not complete. We feel very positive about the U.S., Latin America and the emerging role of the Far East," he declares.

Yes, he recalls, Dresdner first went international with the objective of serving German industry. But that limited objective was abandoned five years ago. "We now want to be represented in all the important international centres."

Does this mean that Dresdner is interested in buying a U.S. bank? Dr. Meier-Preschany is reluctant to answer the question but very much leaves the impression that he personally is that way inclined.

He is obviously a man of vision. At a recent London conference he spoke of the possible changes which may come about in international banks over the coming years: "... their multinational character could well step by step be replaced by a transnational one, with their shareholders, if not their majority ownership, spread among all countries in which they operate."

Asked to amplify on this, the prefers to talk in generalities: "If you are in Rome, you do as the Romans do." Speaking of foreign banks entering the U.S., Dr. Meier-Preschany said: "I wouldn't be at all surprised to see more foreign banks deciding to enter the retail banking arena and chase a bigger pack of middle-size corporate customers."

Commerzbank, the smallest of the three majors, seems to be taking a broadly similar stance to Deutsche as far as further international expansion is concerned. At present the bank has operating units in a dozen foreign centres, including New York and Chicago. Dr. Wolfgang Jahn, board member responsible for international affairs at the bank, says there are two or three more spots around the globe where Commerzbank could open branches. The possibility of a U.S. takeover was "a permanent question for discussion." However, the bank had no plans and tended towards a period of consolidation.

Dr. Jahn agrees that Latin America would be an attractive area for expansion. "But nationalism akes it impossible to buy a bank there." Commerzbank's London office, employing some 80 people, was a first-class operation, he said. It had become a turning-table for a number of international opportunities. "The latest stage of expansion has been getting contact with British companies. We have made some big loans."

Michael Lafferty

Landesbanks' forays abroad cause home unease

DO THE LANDESBANKS of West Germany have a peculiar talent for backing losers? The question may seem a little harsh —but consider the record of embarrassing mishaps over the past decade.

It was a period which saw the Hessische Landesbank lose DM 1.4bn on the property market and the Norddeutsche lose some DM 270m in its involvement with the Rollei camera concern which suffered badly from Japanese competition. The Westdeutsche Landesbank (WestLB) also lost DM 270m on the foreign exchanges in 1973 and the Badische was seriously hurt by the collapse in 1974 of the Herstatt Bank. When WestLB's troubled involvement with the Beton and Monierbau construction group and the unease surrounding the departure of Herr Ludwig Poullain as the bank's chairman is added to all this it is difficult to resist the conclusion that there is something amiss.

It is a formidable list, but in all fairness it is probably wrong to talk of the Landesbanks as being especially accident-prone. After all, they have only been active internationally —apart from export financing— for little over a decade and are correspondingly inexperienced. Moreover, if the Landesbanks' usually temperate property specialists did tend to throw caution to the wind during the property boom of the late 1960s and early 1970s, the same could be said of the commercial banks. Indeed the private commercial banks have also had their fair share of scandals and misjudgments. Yet in many ways the Landesbanks are more vulnerable to criticism and bad publicity.

GROWTH OF TOP SIX LANDESBANKS
(Bal. sheet total DM bn)

	1973	1978
Westdeutsche	53.8	85.9
Bayerische	35.4	66.2
Hessiche	34.9	45.0
Norddeutsche	24.7	38.9
Rheinland Pfalz	11.3	22.7
Wuerttembergische	10.3	21.6

The root cuse of this is the delicate relationship between the Landesbanks and both the politicians and the savings banks. Sometimes it is difficult to please one without upsetting the other. There is a feeling too that if in doubt a Landesbank should not stray too far from its natural functions.

These are simply defined. The Landesbanks collect and redeploy the surplus funds of the public authority-owned savings banks. They also act as the "house-banks" of the Laender Governments (provincial State) and some, such as WestLB, act as central clearing houses for the Giro. The banks are generally owned by the state and the savings banks, through the ownership of WestLB is a little more complex, being split between the State Government, the regional associations for the Rhineland and Westphalia and the two savings banks of North Rhine Westphalia.

The Landesbanks have played an important part in the formation of Germany and contributed a lot to the infrastructural projects which paved the way for German unity—the establishment of the railway system is an example. After World War II they were particularly well-equipped to finance the re-establishment of the major industrial concerns and provide risk capital for smaller companies.

It was inevitable then that the larger Landesbanks would grow rapidly, in keeping pace with German industry and the increase in private savers. Now WestLB has a balance sheet total of DM 94.5bn (1979), putting it among the top three banks in West Germany. The second largest Landesbank, Bayerische, is some way behind this (the 1978 balance sheet total was DM 66.6bn) but still ranks as one of the leading German banks, as does the Hessische with a 1978 balance sheet total of DM 45bn.

It was therefore not surprising that the Landesbanks, endowed with so much financial muscle, decided to look for more overseas business — and that was when the real problems began to occur. In order to hang on to savers and prevent them defecting to the big commercial banks the Landesbanks felt that they should extend their functions. That meant not only lending, investing and advising but also undertaking more and more foreign business.

The pioneer was WestLB, partly because of the industrial needs of North Rhine Westphalia (the Ruhr is very export and import-orientated), but also because of the personal ambitions of Herr Poullain, then head of the bank. Building on its position in long-term lending and the international security business, it now takes on Eurobond business and acts as a manager in international syndicated loans.

This set something of a precedent for the other Landesbanks which scrambled to establish subsidiaries in Luxembourg and have become steadily more confident internationally. Even a small Landesbank such as the Württembergische (1978 balance sheet total DM 21.6bn) moved last year to establish a subsidiary in Luxembourg and a branch office in London.

The problem with the international expansion is that it has travelled too far too fast. As a result, severe strains were put on the relationship between the Landesbanks and the State Governments and, in a slightly different way, on the links between the Landesbanks and the savings banks.

The other dimension of the Landesbank dilemma is to ensure the continued health of its relationship with the savings banks. The latter—there are over 600 with 16,000 branches altogether — provide a captive source of deposits for the Landesbanks, allowing them to entice clients away from the commercial banks with the offer of long-term fixed rate money. The savings bank system includes around 62m savings accounts and finances over half of all new housing in Germany.

But the savings banks—unlike the commercial banks—are not allowed to open branches throughout the country and the pressure has thus grown to expand abroad. Herr Friedel Neuber, president of the Rhineland Savings Bank Association, recently admitted the savings banks' strong dependence of the Landesbanks for international transactions. "We need the international business of WestLB," he said in a recent interview, "to provide financing and representation for our savings bank customers."

At the same time, the Landesbanks cannot take on too many domestic or international credit risks for fear of shaking the trust of the dependent savings banks. Thus when the Hessische Landesbank's guarantors had to raise over DM 1bn to bail it out in 1976, the savings banks were seriously embarrassed. The State could squeeze funds from the Land budget but the savings banks were unable to find their full share and had to turn to savings banks outside Hesse for assistance.

This kind of experience has spurred the savings banks into strong appeals for greater autonomy and some—such as the Hamburger Sparkasse — have expanded as rapidly as some Landesbanks. In a limited way the savings banks actually compete abroad with the Landesbanks. This competition however, is largely for ancillary services and hinges on the existence of corresponding banks in, say, London or New York.

Roger Boyes

Foreign banks find the going tough

THERE IS a widespread belief in the world of international banking that West Germany is one of the most difficult markets in the world to get established in. There is plenty of evidence to support that view. Foreign banks have managed to achieve only a tiny share of the German banking market so far, and there are no indications at present that they are on the verge of any major breakthrough.

Frustration with this state of affairs has led to numerous complaints from foreign banks of unfair and anti-competitive practices. These protests seemed to have built up steam in the past year. The British Bankers' Association, the largest internationally representative banking body in the world, is looking into the matter.

The views of foreign bankers on the ground in Germany are of course very specific. Without exception they point to special problems posed by the market which put them at a great disadvantage against the big domestic banks. At the same time the vast majority of bankers do not think that much could be done to alter matters barring greater dedication to compete hard and professionally.

Central to the foreign banks' difficulties is Germany's unique universal banking system, within which extraordinarily close links have developed between the big domestic banks and industry. These links range from large direct equity stakes and proxy voting rights to all-round banking services and supervisory board appointments. British and American notions of arm's-length banking do not fit very easily into such an environment.

The large U.S. banks have been around longest in Germany, many having established branches there shortly after the war. The largest operations are probably run by Bank of America, Citibank, Chase Manhattan and Morgan Guaranty. The next largest group is the Japanese banks, with Bank of Tokyo apparently doing the most business. The familiar names of the London clearers, the big French and Canadian banks and others—like Standard Chartered, Algemene Bank Nederland and Banco do Brazil—are also represented. Now and again a name like Toronto-Dominion of Canada disappears from the list of foreign branches.

With a few exceptions the main foreign bank operations in Germany are of a wholesale and trade-related nature. Typically, they have started out servicing the German subsidiaries of domestic multinationals. On top of this, some, like the large U.S. banks, have developed a sizeable German corporate customer base. Morgan Guaranty has been in Germany for 15 years and now earns 75 per cent of its income in Germany from German companies. Typically these are the big German multinationals, which look to the U.S. banks for a complete international service.

Lloyds Bank of London is typical of the non-U.S. foreign banks in Germany. It is a relatively recent arrival. Today it has three branches — in Frankfurt, Dusseldorf and Hamburg—and runs to 55 staff, of whom 15 are executives. Lloyds came first of all to look after its existing clients. Now it seeks customers in three separate areas: subsidiaries of multinational companies, major German companies with overseas representation and large non-multinational German companies in need of export finance.

In the eyes of the top German bankers the foreign banks do not seem to pose much of a threat. They credit the American banks with most achievement, but they are quick to recall that some of those same American banks were not willing, when the chips were down, to participate in the AEG-Telefunken rescue. In marked contrast, they say, some French banks did join the scheme.

The foreign bank which does manage to make a loan to a German company may find itself asked to take the money back temporarily at the time of the year-end accounts, to avoid any problems between the finance director and bankers on the supervisory boards, according to one experienced foreign banker. He adds that one encouraging feature of this triangle is the desire of some German finance directors to achieve a degree of independence from their domestic "universal" bankers.

For many of the foreign banks in Germany such invitations never arise. They simply cannot get near German companies for a start. With several thousand banks in the country it could be expected that German financial directors are less than enthusiastic when it comes to seeing new bankers. Refusals to see foreign bankers are by no means uncommon, and some financial executives have been known to put a bar on any bank meetings for months. In one case a major U.S. bank is reported to have been told to come back in six months' time. "You must have a reason for calling, and a tough neck," commented one British banker.

Part of the problem which all foreign banks face in Germany is that of finding suitable staff. Some banks make the mistake of trying to use foreign executives with little local knowledge and an inability to speak the language. But experienced operators like Chase Manhattan seek out good German staff. Out of a total of 335 Chase staff in Germany only five, it is said, are American. Morgan Guaranty, on the other hand, seems to have particular attractions for British secretarial staff.

Foreign bank operations in Germany are not confined to wholesale banking. Both Citibank and Bank of America run retail banks. In Citibank's case this is KKB, a well-established consumer bank with branches nationwide and based in Dusseldorf. B of A runs Bankhaus Centrale Credit, again a Dusseldorf business with 30 branches which was once a finance house.

Mr. William Young, senior vice-president and area general manager at Bank of America for central Europe, reports that retail banking in Germany is extremely competitive. "The German banks protect relationships very well. They believe in maintaining market share."

Michael Lafferty

Unfamiliar role for the Bundesbank

FOR THE first time since the mid-1960s West Germany is having to learn to live by a new set of financial rules. Last year the country ran up its first balance of payments current account deficit since 1965—a deficit moreover which ominously shows no signs of being merely a passing phenomenon. Indeed last year's deficit of DM 9bn is expected to more than double this year to DM 20bn. This sudden plunge into deficit coming at the same time as interest rates around the world are climbing to new heights and the Deutsche Mark is put under unaccustomed pressure on the foreign exchange markets has exposed the West German financial authorities to a set of problems which even a few months ago would have appeared unlikely, if not impossible.

The Bundesbank, Germany's central bank, has had to put several key policies into reverse as it sees its major priority of safeguarding the stability of the currency and of the West German economy under greater threat than perhaps at any time in recent history. The problems appear dramatic for the very reason that they are so unfamiliar.

For years Bundesbank policy has been formed around the core of a hard and appreciating currency, a currency which it did not wish to see developing a major reserve role. Right up until he retired from the presidency of the Bundesbank at the end of last year Dr. Otmar Emminger, the previous guardian of the currency, was still able to state that the Bundesbank would not "willingly" allow the D-mark to acquire a decisive reserve role. The trend was perhaps inevitable but it would not be encouraged.

Much has changed inthe last three months, however, and together with the hand-over of the Bundesbank presidency from Dr. Emminger to Herr Karl Otto Poehl has come a series of U-turns in official policy. In contrast to the traditional policy of trying to prevent the evolution of the D-mark into an international reserve currency, the Government, with the blessing of the Bundesbank, has suddenly started to encourage capital imports. This change of view is being manifested in a variety of ways.

First, the Bundesbank raised its key interest rates at the end of February, a move which it said was taken primarily against the background of international financial developments rather than changes in the domestic economy. Secondly, it moved two weeks later to relax the restrictions on capital imports by halving the maturity limits on Federal securities and *Schuldschoino* (DM-denominated promissory notes) owned by non-residents.

In addition the Government has taken steps to borrow abroad. It is acting not only indirectly through the commercial banking system to place Government notes abroad but also arranging a direct loan from Saudi Arabia which will circumvent the banks. The spectacle of the West Germans borrowing abroad is in itself unusual, but the direct approach by Bonn to an oil-producing State breaks new ground.

For as long as most people can remember Germany's main economic problems have been connected with the success of the economy. It has faced constant upward pressure on the D-mark and speculative flows of capital into Frankfurt as a result of low inflation, high productivity and continuous trade surpluses.

A recent report by the Bundesbank showed, however, how the improvements in productivity have been slowing down —to around a rate of 3 per cent in 1974-79. Inflationary pressures are building up strongly too—at least in the West German context. After increasing by 2.7 per cent in 1978 and at an average of 4.1 per cent last year inflation has now jumped to an annual rate of 5.6 per cent according to the latest figures. It is a rate that would be envied in most countries, but in West Germany it is regarded by the country's ultra-cautious money managers with some alarm.

Reversal

The most fundamental reason for the changed circumstances and the sudden focus of attention on the central bank's reversal of policy is to be found, however, in the mounting balance of payments deficit. This in itself is rooted not in the sudden inability of West German exporters to hold their impressive share of world markets but in the dramatic series of oil price increases implemented over the last 15 months by the oil-exporting countries.

West Germany's oil bill is expected to increase by a further DM 15bn this year to some DM 60bn according to the Bundesbank's latest estimates. After the 1973-74 oil price increases the West Germans managed with surprising ease to finance the much larger oil bill by sharply increasing exports. This time, however, the problem is not likely to be solved so easily.

Admittedly Herr Poehl has started to emphasise that exports are still the Federal Republic's life-blood and that it is to higher exports that the country must look if it is to balance its current account. But the climate of international trade is rather different today.

The world economy is not as buoyant and the developing countries will not be able to make such a large contribution towards sustaining the volume of world trade.

As a result of the worsening current account and the series of rapid increases in interest rates around the world, particularly in the U.S., the Bundesbank has found itself in recent weeks facing a strongly rising U.S. dollar exchange rate, which has suddenly given the mighty D-mark all the appearance of a weak currency. The Bundesbank was forced to intervene for most of March in the foreign exchange markets to try to slow the rise of the dollar. By the middle of March capital outflows had already reduced the Bundesbank's foreign currency reserves by more than DM 15bn, and in one week in the middle of March it was estimated that have sold more than $2bn to steady the D-mark.

The success of such interventions by the central bank must still be in doubt, as the DM-dollar exchange rate has been driven along to the dollar's advantage for much of the year by the very high level of U.S. interest rates and by the expectation that the upward spiral has still not reached its top. On January 3 the dollar reached a historical low against the D-mark of DM 1.7062; since then the movement has been all in one direction. By late March, in the space of only a few weeks, the dollar had climbed back in often hectic trading to a level of around DM 1.87.

Since the beginning of the year (to March 13) the D-mark has shown a loss in value against the dollar of about 4.5 per cent. The decline against other major trading currencies has been less but significant, particularly when corresponding inflation rates in the other countries—often at least double that of the Federal Republic—are taken into account.

His term as president of the Bundesbank has come in turbulent times but Herr Poehl has lost no opportunity in recent weeks to reiterate his determination to hold to the central bank's policy of keeping a tight hold on the money supply and of encouraging both sides of industry to make responses in the current wage round that will foster rather than disrupt economic stability.

In the event the wage round appears to be coming out with increases of 8 per cent or more, including fringe benefits and sums accruing from the previous year's negotiations. This is rather higher than the central bank had hoped for but is perhaps not far from what it had expected.

For his international audience

For his international audience Herr Poehl has made it clear that it is his intention that the D-Mark will also in the future be regarded as a "hard" currency. The central bank's interest rates policy, he says, must have the result that the currency maintains its attractions in the eyes of foreign investors.

The Bundesbank has clearly performed its role to great effect while West Germany has enjoyed the status derived from regularly accruing current account surpluses. It has had to deal largely with the problems of success. A current account that remains stubbornly in deficit will present it with an entirely unfamiliar set of problems, however, and it is against this background that Herr Poehl's success in maintaining the value of the D-mark will ultimately be judged.

Kevin Done

Industrial links investigated

WEST GERMAN banks have for over a century enjoyed a sometimes troubled but often profitable marriage of convenience with the country's industrial concerns. Since the 1870s Germany has frequently had to re-build its economy—and each time it has been the banks that have provided the credit and necessary risk capital. As the country's economic structure grew more complex and sophisticated, so the banking system adapted, taking over a vast collection of separate functions.

The German universal banking system is thus a curious leviathan, a creature formed out of the changing needs of industry, of the ordinary German's traditional reluctance to invest on equities and the banks' keen eye for profitable innovation. The banks have become all things to all criticism from those who complain of customers.

They own companies, advise them, lend them money. They buy shares on their own account as well as for their clients. They operate most of the country's unit trusts. They plan the investments of their customers and take care of the clients 'foreign exchange transactions. A bank can thus simultaneously be investor, clearer, money lender, merchant banker and stockbroker.

This imposing range of activities has naturally enough drawn criticism from those who complain of the scope for insider trading and the general conflict of interests. There seem to be two main bodies of criticism, one largely political, one largely economic. Are the banks too powerful? Has the universal system eroded true competition? After the dramatic collapse of the Herstatt Bank in 1974 it was decided that a commission, chaired by Professor Ernst Gessler, should look into the banking system and see whether conflicts of interest did indeed exist and, if so, what could be done to minimise them.

The commission concentrated on four areas of discontent. Not all of them were exactually related to the Herstatt case (still before the courts), which centres on the issue of whether Herstatt foreign exchange dealers were acting fraudulently when making money for themselves and losing money for their clients.

The Gessler Commission investigated the following accusations:

- That the banks exercise too much power through their industrial shareholdings A maximum holding was to be recommended;
- That Senior bankers often held an excessive number of seats on supervisory boards in German industry. It has been known for German bankers to hold down more than 20 of these;
- That the banks often use the "Depotstimmrecht" to their own advantage This is the proxy vote granted to banks on behalf of shares deposited with them by clients;
- That banks use the loophole of foreign subsidiaries to grant credit well beyond the legal limit for parent banks.

Before the commission produced its findings the Monopolies Commission — a Government advisory body— sprang in with a somewhat hawkish assessment of the relationship between banks and industry. Competition, it said, was being eroded because big banks had a natural advantage over non-banks in acquiring new (and bargain price) companies. The banks, it found, have a stake in over 30 of the top (ie largest) 100 companies, with most of the holdings in the range from 25 to 30 per cent. The commission has

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Stock markets lose ground steadily

THE WEST GERMAN equity market started the new decade in a weakened state, and indeed towards the end of January share prices reached their lowest since March 1977. The Frankfurter Allgemeine Zeitung Index stood at 218.11, compared with 227.27 at the end of 1979.

Helped by large institutional buying a much firmer tone was set in February — against the background of a weakening bond market—but the recovery proved to be short-lived, and the index is again down to a level well below the starting point for the year and is threatening to plumb new depths.

During the rally the best performers were to be found in the raw materials and capital goods sectors. Searching for hopeful pointers the market's eye fell on the Government's ambitious plans for plants aimed at producing oil and substitute natural gas from coal. It did not appear to matter that the plans were unlikely to be transformed into orders of any appreciable volume until the mid-1980s.

The announcement caused a sharp rise in the share prices of companies that already have a stake in the technology needed for coal liquefaction and gasification. The beneficiaries included most of the leading mechanical engineering and proces plant builders, such as Deutsche Babcock, Linde, Metallgeschaft, KHD and Gutehoffnungshütte.

Flurries

At the same time German companies with oil, gas or other raw materials interests have also aroused flurries of interest this year, one of the most notable being Preussag. As a result of its extensive activities in coal, oil and metals its price briefly reached the level of DM 218. This performance coincided with the announcement of the company's return to profitability last year and the resumption of dividend payments after a number of lean years. Gas finds by Wintershall, a subsidiary of the chemicals giant BASF, have also boosted interest in this as a speculative stock, and Veba, Germany's largest industrial enterprise, has also performed ahead of the market as a result of its widespread energy interests.

By the beginning of March, however, the market was again on its way down, led by the sectors which had shown the weakest signs of recovery in previous weks, such as stores and banks. Consumer stocks are expected to have a particularly difficult time because of fears that they will be especially affected by the real reduction in buying power that is resulting from the rapid increase in energy prices. The national oil import bill is likely to rise to some DM 60bn this year, a rise of some 33 per cent, to a point at which it will equal some 4.5 per cent West Germany's Gross National Product.

The pattern of the development of the stock market in the first months of 1980 has mirrored qute closely the general downward path of 1979. Market indices have stood in shap contrast to several other major economic indicators in West Germany, where 1979 was a year of successful general economic growth during which the Gross Domestic Product rose by 4.4 per cent in real terms—following a rise of 3.5 per cent in 1978—and the rise in inflation was kept down to an annual average of 4.1 per cent compared with the 2.7 per cent rise shown in the previous year.

The indices lost ground steadily during 1979, with the occasional brief spurts of recovery only serving to emphasise the general decline. The Frankfurt index began the year at 96.0 after openings the previous January at 108.4. By late March this year it had slipped further to around 93.0.

The Commerzbank index, the oldest in Germany, showed a fall over 1979 of 12.42 per cent. Opening the year at 817.20 it closed at 715.70. The FAZ index had a loss of 11.57 per cent over the 1 2months.

The only sector to show any real improvement during the last 12 months was insurance company stocks, which recorded a gain of 3.2 per cent. The Frankfurt exchange, the leading market, also showed slight gains for the raw materials and energy supply industry with a rise of 0.75 per cent, but elsewhere there were only various shades of gloom.

The chemical majors put up a relatively good showing, with an index decline of only 2.84 per cent, but there was little relief elsewhere, with falls ranging from 9.15 per cent in machinery building, 10.51 per cent in the electricals sector and 13.34 per cent in the building industry to a 22.97 per cent loss in motor industry stocks, a 23.19 per cent fall in stores, 26.6 6per cent in textiles, and at the foot of the table a decline of 26.73 per cent in iron and steel industry shares.

Total transactions — shares and fixed interest securities — reflected the sharp fall in the index and showed an even more dramatic fall of some 21.6 per cent to DM 68.3bn compared with DM 87.1bn in 1978. This was the first decline in the volume of dealings since 1976.

The structure of the stock markets in Germany mirrors the federal political structure, with no single exchange having the pre-eminence of New York in the U.S., London in the UK or Tokyo in Japan. The Frankfurt exchange, however, has emerged as at least the strongest contender, particularly as a result of its growing international links. As the city has emerged as the single most important financial centre of the Federal Republic so has its stock market benefited, taking on a special importance ahead of other regional exchanges such as Düsseldorf, Munich or Hamburg.

Hardest

Last year Frankfurt accounted for 46 per cent of the total volume of dealings on German exchanges. It clearly faces its hardest fight against the other German regional markets in the turnover of domestic shares, where its share of the total German volume amounted to 38 per cent, and in domestic bonds sales, where its share last year was 41 per cent. In the sale of foreign shares, however, it is pre-eminent, taking 67 per cent of the total business last year, while it claimed 80 per cent of the volume of fixed interest securities issued from foreign sources.

Until 1977 fixed interest bonds were accounting for a growing share of the total volume of trading done on the Frankfurt exchange; but in the past couple of years this process has been halted. Last year shares took 39.3 per cent of total business compared with 33.9 per cent in 1977. Of the shares turnover of DM 12.5bn, German securities accounted for DM 9.7bn, 30.5 per cent of total market turnover, while foreign shares built up a turnover of DM 2.8bn, some 8.8 per cent of the total market. The importance of foreign shares on the Frankfurt market has grown considerably in just the past three years, accounting for 8.8 per cent of the total market in 1979 compared with only 4.3 per cent in 1977.

The importance of foreign securities to the Frankfurt market can also be measured by the number of companies quoted on the Federal Republic's leading exchange. The number of quoted domestic companies has been declining steadily over the past 10 years and the number of new entrants to the market is in most years more than outweighed by those leaving the arena. By the end of 1979 only 227 German companies were quoted in Frankfurt as against 263 10 years earlier. Foreign names have been seeking quotations in Frankfurt with increasing regularity, however, and by the end of 1979, the total of foreign quoted companies had risen to 179, compared to only 42 in 1968. As a result Frankfurt could boast 406 company quotations by the end of last year, a marginal addition of eight over the position a year earlier.

The number of companies quoted in Germany is yet another reflection, however, of the rather diminutive stature of the Federal Republic's stock markets compared with operations in other countries such as the U.S. or UK. At the end of 1979 only some 458 of Germany's industrial corporations were quoted on the country's exchanges, out of a total of more than 2,000. By international comparison West Germany thus comes far down the list. In the UK in 1978 there were a total of 2,795 companies quoted on hte country's stock exchanges, in France some 1,100, in Japan 1,709, while in the U.S. New York alone could boast 1,581.

Kevin Done

Industrial

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recommended a 5 per cent maximum stake.

The commission reported to the Finance Ministry last year and came to rather different conclusions. Banks admittedly had large stakes in industry but this was not necessarily a bad thing. Moreover, the universal banking system, though it bred occasional conflicts of interest, was essentially a benign animal, well suited to the needs of German industry.

The majority of the commission found that banks' holding of equity should not be more than 25 per cent plus one share, though a strong minority proposed a limit of 10 per cent. The 25 per cent "plus one share" formula is because this is the legal minimum required to block a change in the statutes of a German company. The 25 per cent formula does not include a further recommendation that banks should also be allowed to hold transient assets of up to 5 per cent of any company. The minority proposal of 10 per cent, however, would have included this 5 per cent. Count Otto Lambsdorff, the Economics Minister, has placed himself somewhere in between, letting it be known that he favours a 15 per cent limit on industrial holdings.

The commission recommended that banks should disclose how many votes they are exercising as owners and how many on behalf of depositors. Greater candour seemed to be called for, if only to give companies an idea of whose votes are actually being cast. If found that the banks' share of supervisory board seats was not excessive. While such seats did indeed give the banks influence, there was no evidence that such power was being abused.

The commission proposed that banks should produce consolidated balance sheets that included their subsidiaries abroad. The statutory credit limits — expressed in terms of assets — could thus be tested by examining the separate balance sheets of the parent company and the subsidiary as well as the consolidated account.

The Government is unlikely to act on any of the industry-related proposals before the general elections in October. Quite apart from any other consideration, the question of divesting the banks' industrial assets promises to be an exceptionally sensitive issue.

Underpinning the Gessler proposals is a fundamental belief that banks will honour their social responsibilities. Indeed perhaps the best of defence against the criticism of the banks has been provided over the past six months by the actions of banks themselves as they have repeatedly helped to protect ailing industries.

Thus Kloeckner, Germany's third largest steel group, which has been making heavy losses throughout the steel crisis, decided recently on a major capital reorganisation—a move which would have been impossible without the close collaboration of the banks at almost every stage. Senior Kloeckner executives are understood to have approached Dr. Alfred Herrhausen of the Deutsche Bank managing board—and also deputy chairman of Kloeckner's supervisory board — who approved the idea of a capital write-down followed by a restocking with fresh capital. A consortium of 12 banks was formed which then raised half of the new capital required—and simultaneously undertook to pass on the holding to individual shareholders when Kloeckner starts to pay a dividend again, probably in 1981.

According to preliminary Bundesbank figures the banks had on loan to the steel construction and mechanical engineering sector over DM 30bn at end-1979 (compared to DM 27.7bn at end-1978) and a further DM 18.3bn to the base metal production and foundries sector.

Similarly West German banks put up nearly DM 1bn in new capital to rescue AEG-Telefunken, the electrical concern. Total bank lending to the electrical engineering sector reached DM 25bn at end-1979.

If one also takes into consideration the banks' role in supporting the shipping industry—big banks and the smaller coastal Landesbanks are involved in current attempts to rescue the Bremen-based DDG Hansa shipping line—it can be seen that banks are continuing to play a central part in maintaining employment levels and generally keeping alive faltering industries.

Roger Boyes

This page reviews the careers and thoughts of four of Germany's top bankers

Karl Otto Poehl takes the helm

HERR KARL OTTO POEHL, *president* of the Bundesbank since the beginning of the year, could hardly have expected such a rough start in his new post. As head of Germany's central bank he is charged above all with the duty of defending the value of the currency. For his more immediate predecessors this duty has presented only the problems of success.

Until recently, against a background of steadily accumulating current account surpluses, the Deutsche Mark has performed as one of the world's strongest currencies, posing to the Bundesbank authorities above all the questions of when the currency should be re-valued, how its apparently effortless rise could be most smoothly managed, and how its emergence as the world's second international reserve currency could be avoided—or at least slowed down.

For Herr Poehl, so far this year, the questions have appeared rather different. On January 3, in his first week of office, the dollar reached a historical low aginst the D-mark. But since that date, pushed along by rapidly mounting U.S. interest rates, the dollar has gone from strength to strength. Since sinking to the depth of $1.7062 against the D-mark it has snice climbed back on foreign exchange markets to around $1.89 and massive intervention by the Bundesbank to sell dolars has done little to stem the tide.

Herr Poehl is clearly facing an important test of his abilities early in his new office and his performance over the long haul—his appointment is for an initial period of eight years—will be strongly influenced by actions he takes in the next few months.

He faces the challenge of being in effect the first crisis manager of a West German balance of payments deficit and the tensions that are bound to emerge in the next few months could easily create difficulties for him in his dealings with the political powers in Bonn. But there can at least be no doubts about his knowledge of the corridors *of power in the* Federal capital. It was his success first in the Federal Chancellery and later in the Finance Ministry itself which provided the spring-board for his appointment to Frankfurt.

Herr Poehl is hardly in the mould expected for West German central bankers. He is a rather young member of this select body, barely 50 when he took on the job at the beginning of this year. His rather suave appearance, his sense of irony and his reputation for relaxed pragmatism are qualities which are not at first expected in the head of one of the most powerful and certainly one of the most independent central banks in the world.

He first entered the political limelight in 1971 when he was brought into the Chancellery as an economic and financial adviser by the then Federal Chancellor, Willy Brandt. He first went into government service a year earlier when he was appointed to head up one of the divisions in the Economics Ministry.

In strong contrast to his predecessor, at the Bundesbank, Dr. Otmar Emminger, who spent about 30 years of his career solely within the central bank, Herr Poehl has followed an apparently zig-zag path to the top, gaining experience of a variety of different disciplines.

After studying economics at Göttingen University he spent several years with the Ifo economics institute in Munich, one of the foremost commentators on the daily pulse of West German economic and industrial life. From there he went to Bonn to begin a second career as an economics journalist, building up a reputation for incisive reporting during the mid-1960s. He crossed the fence from journalism to banking in 1968 when he joined the Federation of German Banks as a member of the executive.

From that staging post he moved into government service with the Economics Ministry, since when his fortunes have been closely linked with those of the Social Democratic Party (SDP), the senior coalition partner in Bonn.

A member himself of the SPD, Herr Poehl moved from the Chancellery at the end of 1972 to the post of State Secretary in the Federal Finance Ministry, where he acted as the right-hand man of the then Finance Minister Herr Helmut Schmidt, before the latter replaced Willy Brandt as Chancellor. At the Finance Ministry Herr Poehl was responsible for national and international monetary policy as well as basic issues of financial policy.

He moved easily through the international circles of the Organisation for Economic Co-operation and Development in Paris, the International Monetary Fund in Washington and the EEC monetary committee in Brussels and prepared the German Government's position for the first three economic summits at Rambouillet, Puerto Rico and London. He also played an important part in Bonn's decision to join other major countries in abandoning fixed rates for their currencies against the dollar in 1973.

His final appointment to head the Bundesbank — he was appointed vice-president by *Chancellor Helmut Schmidt* in 1977—aroused some controversy in opposition circles on the grounds that the appointment was too "political" and could undermine the cherished independence of the central bank.

It is still too early to judge whether such concerns were entirely misplaced and it could well be that Herr Poehl's closeness to and knowledge of the Bonn scene will in fact enable him to enhance the Bundesbank's independence of the politicians. For the moment the monetary authorities in Frankfurt and the Finance Ministry in Bonn appear to be working in unison, but the problems on the one side of funding the Federal deficit in a sensitive election year, and on the other of supporting the currency and of following through tight money policies that are dedicated above all to maintaining stability in an unstable world, appear certain to prove a serious test of the closeness of that relationship in the coming months.

Herr Karl Otto Poehl

Walter Siepp—internationalist

WALTER SEIPP, vice-chairman at the Westdeutsche Landesbank, is a bright young man of 54, a man who has somehow avoided the ambitious banker's malaise of mid-life drift. His metamorphosis is from whizz-kid status to distinguished seniority is partly the result of clever career planning, but it also reveals a keen sense of the changing currents in German banking.

Indeed Dr. Seipp was the first senior commercial banker to defect to the WestLB, Germany's largest Landesbank, a move which explicitly acknowledged the fact that the Landesbanks have become a powerful force on the international market. Dr. Seipp is an international banker *par excellence.*

He began his banking career in Hesse and was employed by banks which subsequently were merged into the Deutsche Bank. While still a trainee at the Deutsche Bank he completed a doctorate in law at the University of Frankfurt, was later admitted to the bar and by 1956 had become an assistant vice-president of the bank.

His career took an emphatically international turn in 1960 when he went to New York to deal with investment banking and trust business with First Boston Corporation and Morgan Stanley. In 1968 he came back to head the Deutsche Bank's important Frankfurt branch. By the early 1970s Dr. Seipp, who is fluent in English, was active in the U.S. again as vice-chairman of the executive committee of UBS-DB Corporation—security dealers and investment bankers—and served as a member of the Boston, PBW and Pacific Coast stock exchanges.

The big break came in 1974 when he gave up his position as assistant general manager at Deutsche Bank (a position which almost certainly would have given him a seat on the board) to head West LB's international operations.

The move came at a time when Dr. Ludwig Poullain, then WestLB's chief executive, was trying to steer the bank into international fields, expanding from simple export financing and taking over manager positions in international loan syndicates, into Eurobonds and international Deutsche Mark bonds It was a period of particular sensitivity with both the North Rhine Westphalia State Government and the savings banks (the major shareholders) having to be reassured that WestLB was not neglecting its traditional task of servicing the savings banks; that on the contrary it was improving its competitiveness in relation to the big commercial banks.

Dr. Seipp played an important role in this build-up. And when Herr Poullain departed—following allegations of improper consultation fee procedures—Dr. Seipp remained and kept West-LB's international business on course. Herr Poullain was replaced by Dr. Johannes Voelling, a man whose entire career has been in savings banks and Landesbanks, and Dr. *Seipp was made a vice-chairman* in charge of international business.

During the 1970s Dr. Seipp's career seemed to parallel the snowballing growth of the Landesbank's international business. "He seemed to have spent six out of the 10 years on board an aircraft," commented a former colleague. Now in an era of steady and less breakneck expansion, Dr. Seipp's career shows no sign of slackening.

Dr. Walter Siepp

F. Wilhelm Christians

WHEN BANKERS in London talk of Deutsche Bank, Germany's largest commercial bank, they tend to associate it with the name of Dr. Wilfried Guth, the "speaker" and management Board member responsible for the international side of the bank. But Dr. Guth is only one of Deutsche Bank's "speakers"—the spokesmen sometimes akin to chairmen who speak on behalf of the Board of management. His colleague, with particular responsibility for the domestic operations of Deutsche Bank, is Dr. Wilhelm Christians.

Dr. Christians, like many other leading German bankers, studied law and political philosophy after World War II, during which he soldiered in Russia from the age of 17 and was wounded five times.

It was in preparation for training for the post-occupation West German diplomatic service that he joined Deutsche Bank in 1949. But the plan never came to fruition, and he became a full member of the staff two years later.

Thereafter his promotion was rapid. He worked in a number of branches throughout Germany, and held managerial positions at an early stage. Later he transferred to central office to become assistant general manager in 1963 at the age of 41. His responsibility was for the bank's securities business. And he has retained a special interest in the German and international stock markets ever since. Today he is vice-president of the Dusseldorf stock exchange.

Only four years after his promotion to central office Dr. Christians was elected a member of Deutsche Bank's board of management. He emerged as one the board's joint speakers in 1976.

In an interview in his Frankfurt office a few weeks ago Dr. Christians spoke at length about the historical background to the present-day Deutsche Bank—the close links with government and industry, the unwritten rules which help to make the organisation a success, the bank's unique management structure which means that branch managers always have easy access to a board member, the position of foreign banks in Germany, and many other things. Here are some quotes:

"This bank is one of the most democratic institutions I have got to know.

"Banking business is not a day-to-day business but a generation-to-generation business.

"Loyalty is a pillar of German banking.

"Secret reserves might be one of the most difficult things for us to give up. We fight a permanent war against unexpected events.

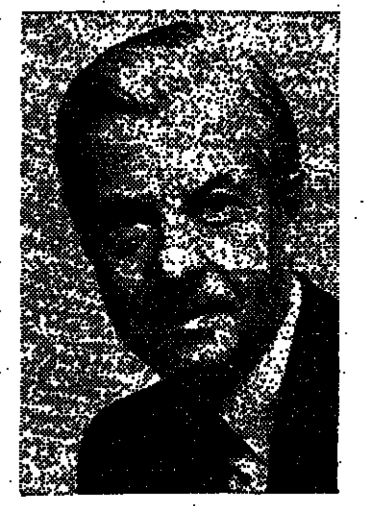
"Germany is one of the most liberal banking nations in the world.

"Maybe the approach of the foreign banks is wrong.

"We are fully conscious how vulnerable our reputation for power is."

Dr. Christians has the features of the all-round German "universal" banker. Apart from his stock exchange interests he is a member of the supervisory boards of several major German companies, including Bayer, Volkswagen and Karstadt. He is also chairman of a few companies, including Mannesmann.

He is married with a grown-up son and daughter.



Dr. F. Wilhelm Christians

Hermann Josef Abs

"WHEN HE STARTS talking, other people — bankers, politicians or whoever — always turn and listen." The comment was made a few months ago at a private luncheon about a man who has long shed most of his formal business responsibilities but whose influence remains strong.

Herr Hermann Josef Abs had begun to talk, quietly and precisely as ever, about the fluctuation in the gold price. Little by little all other conversation ceased. If anyone could make sense of the gold market, it was thought, then surely it would be Abs.

The topic might also have been the future of European monetary integration, or Third World debt, or the opportunities created by the oil crisis for those with the wit to see them. Herr Abs has commented on all these (in one or other of the half-dozen languages he commands) in recent months. At 78 he still seems to manage to stay well ahead of the conventional wisdoms.

His manner is courteous, his appearance that of a country squire whose private means have allowed him never to have to rush for a business appointment. It is hard to realise that this man once had so great a concentration of economic and financial power — and responsibility — that a special law limiting such influence has been named after him. The "Lex Abs" of 1965 cut back the number of supervisory board posts a single individual could maintain simultaneously in West Germany, markedly curtailing Herr Abs' activities on behalf of some of the country's leading industrial concerns.

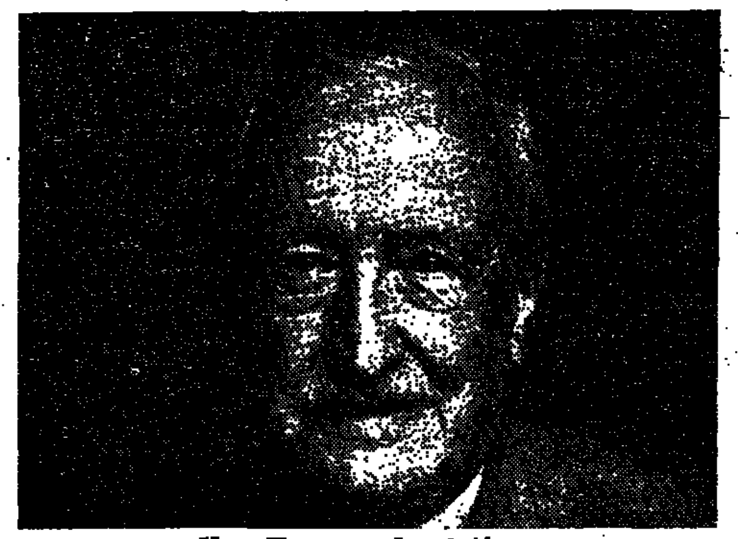
But at least it did not cause him to break his links with the Deutsche Bank, the country's largest commercial bank, with which he has been associated for decades—as member then head of the executive board, then of the supervisory board and finally as honorary chairman. The "Lex Abs" he says only half-ironically, was good for his health—giving him more time for the piano, the organ and his children and farm in the Rhineland.

What has been the secret of his success? His wide experience which made him the perfect all-round banker has something to do with it. Born in Bonn in 1901 the son of a lawyer, he learnt about international finance (and a lot about the commodity markets) in London, Paris and Amsterdam, about domestic problems as partner of a Berlin private bank — and finally became responsible for the Deutsche Bank's foreign operations while he was still in his thirties. The British interned him briefly when the war ended, but it was not long before he emerged again as a key figure in West Germany's economic recovery.

With this wide international experience he was the obvious choice to negotiate a settlement of Germany's pre-war debt—a delicate operation which finally satisfied the Allies without imposing too heavy a burden on the country's credit structure. He headed the reconstruction loan corporation which in effect supervised the expenditure of Marshall Plan funds in industry, housing and commerce. The operation could have given big scope for misappropriation and scandal. There was none. Typically, Herr Abs ruled that no member of his staff could accept a present or even lunch with an outsider doing business with the corporation.

Some saw Abs as a Foreign Minister—even as a possible Federal Chancellor. It is said that the country's first post-war Chancellor, Dr. Konrad Adenauer, asked Abs to take on *the foreign affairs post. But as* Abs recalls with a half-smile, when Adenauer really wanted someone to do something, he told them rather than asked them.

It is a little hard to see anyone actually telling Abs to do anything. At any rate he has kept out of party politics and his admiration for the Christian Democrat Adenauer does not prevent him from praising the current Social Democrat Chancellor Herr Helmut Schmidt.



Herr Hermann Josef Abs

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THE MANAGEMENT PAGE

THE U.S. STEEL industry is at the crossroads, according to a paper presented in Washington last month by the American Iron and Steel Institute (AISI). Its choices are between a dramatic increase in investment, aided by changes in the government's fiscal and regulatory policies, or continued enfeeblement by low profits and ageing equipment.

Most U.S. steel companies, like their counterparts in Western Europe, have fallen a long way behind Japan in productivity because they failed to generate sufficient profits to support investment in new plant and machinery. The task now is to modernise and to bring capacity into line with demand—and the American steelmakers are looking to the Administration for help.

But there is another option which the AISI paper did not mention, though it is a very live possibility—that the steel industry will become more selective in the types of steel it is prepared to make and that it will put a large slice of its available investment capital into diversification. It is a strategy which has already been successfully pursued by several European companies, notably Thyssen in Germany.

This third possibility is far from coming as a flash of light to U.S. steelmen. All the major companies have diversified to some extent in recent years, with the largest, U.S. Steel, now expanding its chemicals business hell for leather; even though it is pushing further into the distance an ambitious plan to build its first new steel mill for over twenty years.

Bethlehem, the number two company, is the least diversified, but the recent decision to appoint Donald Trautlein as chairman indicates a change of atmosphere there too; Trautlein is the one top executive at Bethlehem who is not a steelman, having spent most of his career in accountancy.

THE US company which has pushed the diversification process furthest is Armco. Armco still ranks number six in raw steel output, accounts for around 6 per cent of the industry's production and last year earned less than half the $466m of operating income from the products it was founded 80 years ago to create. This year Armco plans to spend $300 million on capital assets. Just one quarter of it will go into basic steel, mainly for routine maintenance.

Ask Harry Holiday, the former blastfurnace engineer who is now Armco's chief executive, whether he expects Armco to invest in steel expansion in the next decade, and he's reluctant to say "no". But by the time he has told you all the other investment possibilities he sees, it's clear that's what he means.

The reason is obvious. Industry-wide, steel has been offering in recent years a return on equity of around 7 per cent—half the average for U.S. manufacturing industry. At Armco last year, by no means a bad year for steel, even though demand fell sharply in the final quarter because of the motor industry's difficulties, the figure was closer to 5 per cent. Holiday says, "With that kind of return you can't stay in business," he growls.

That is not to say that Armco is coming out of steel, he repeats: it is just that the company wants to grow (it sees its asset base increasing from $2.5bn to $3.5bn in the next three years). As it sees no opportunity for profitable growth in steel, the idea is to make steel stand still, concentrating only on improving productivity and in raising profitability by modifying the product range, while increasing the non-steel operations.

"It sounds elementary and, indeed, as a matter of theory for a company tied to a single, highly cyclical industry, it is. But the American steelmakers, comfortable for so long with a home market big enough to keep them busy and more or less profitable (the industry is still insignificant as an exporter) it was a theory which took a long time to form. Born to make steel, most of the companies thought of little beyond maximising steel production and judging their competitiveness by the performance of their fellow U.S. steel companies.

Even Armco did not produce its first long-range plan until 1968, towards the end of a decade when it was becoming clear that a sustained programme of capital spending on steel ($200m a year for several years) was simply not going to take the company within striking distance of the 20 per cent return on investment it had set as a target.

The point was underscored in 1970-71, when a slump in steel demand found the company exposed with a high level of debt and badly squeezed margins. By then, it had a plan but it became questionable whether it possessed the financial muscle to carry it through. Even today, the company presents its affairs with a note of caution.

Holiday says 1980 will be "a critical year" in which the company will attempt to "demonstrate the strength of its shield against the domestic steel cycle and the power inherent in our diversification."

There is much to suggest that Armco need not worry. Its liveliest area of growth is in the booming oil services sector through a subsidiary called National Supply, which makes drilling equipment and was bought by Armco in 1958 in a search for captive customers for its steel and steel fabrications. The company remained undeveloped until after the 1974 energy crisis, since when demand for its drilling equipment has bounded ahead. There is no sign of a let-up, as Armco has just raised from 70,000 to 82,000 its forecast of the number of wells to be drilled in the U.S. between 1978 and 1990.

National Supply, with plants in Texas, California and Stockport, England, is hoping soon to unveil plans for a large manufacturing facility in Mexico. It more than doubled sales to over $1bn inside five years.

Expansion, both by extending the range of drilling components National Supply manufactures and by increasing the company's resourcefulness in the oilfield services sector, is the main short-term objective. Armco sees National Supply accounting for 20 per cent of net assets by 1983, compared with 12 per cent today. That will make National Supply bigger in Armco than its flat rolled steel division—the most steeply cyclical of the company's basic steel areas.

The higher margins in the oil related businesses—Armco also has oil and gas exploration interests—have helped to raise the rate of return on net assets to around 10 per cent. In terms of return on sales, the contrast between steel and the new growth sectors is also stark. Last year, $2.59bn of carbon steel sales produced operating income of $151m. In oilfield equipment and products, the comparable figures were $897m in sales and $127m in profits.

Opening a series on leading steel makers' strategies, Ian Hargreaves examines Armco

A U.S. shield against the slump

William Verity (left), chairman, and Harry Holiday, chief executive: architects of Armco's long-standing diversification policy.

Aircraft

In addition to oil activities and the basic carbon steel production, Armco has five other main territories: special steels (it is a leader in making electrical steel); mineral resources (mainly coal, ore and limestone); metal fabrications; financial services and a miscellany of industrial products in man-made materials.

All of these have, in some way, grown out of the steel business—the leasing expertise, for example, which Armco applied with success in the aircraft field then led to aircraft insurance in the early 1970s—but the crucial step towards conglomerate management has been taken; each sector is managed separately, accounts separately and justifies its investment needs separately.

The main impression from the outside of this newly-varied creature is one of tremendous busy-ness. In the last few months the company has made public a steady stream of minor acquisitions and dispositions (insurance companies in Ohio and England in the first category, a manufacturer of storage baskets for spare parts in the motor industry in the second). Armco has also been promoting a new type of galvanised rolled steel in Detroit and Bill Verity, the chairman, has been highly active in the statesmanship side of the business.

Verity, grandson of the company's founder and one of the few former public relations men at the top of a major industrial company, is an influential figure in the Washington debate about steel regulation and the problem of imports, against which U.S. Steel took legal action ten days ago.

Although Armco was driven to take a similar posture in the last anti-imports furore of 1977, and still says it is keeping open the possibility of a hostile response in the present situation, one senses that Verity is the dove to the hawk represented by David Roderick, chairman of U.S. Steel. One of the other doves is not only the head of Bethlehem but also the chairman of AISI.

Apart from anything else, Armco is unique among U.S. steelmakers in the volume of its international operations, with interests in more than 30 countries. Armco is especially and unusually active in the Eastern bloc, which brought it into the limelight in January when it was forced to pull out of one of the two major manufacturing industry deals with the Soviet Union because of President Carter's embargo on high technology trade with the Russians.

There is also another, more subtle reason, why Armco is less strident than the less diversified companies. Their attitude, recent history shows, varies in direct proportion to the position of the steel cycle; in the U.S., in spite of predatory imports, pollution laws and the rest, steelmen still make a lot of money in booms.

In the last major boom of 1974, Armco recorded a 17 per cent return on shareholders' equity, and an 11.5 per cent return on average net assets, which it is struggling to reach again by 1982-83. Its return on sales in that heady year was 6.3 per cent, compared with 4.4 per cent last year.

In turning its back on the downswing of the cycle, Armco is therefore also turning its back on the boom. Examined individually, the components of its carefully assembled shield against the cycle still vary considerably in quality. Even in steel, the range is from the modern Middletown Ohio plant whose productivity matches the best, to the Houston factory whose problems are so serious that it could join the list of Armco's assets for sale this year. There have also been some miscalculations in the ore business, which have found the company with a large, unwanted supply contract from South America, forcing it to sell ore on the depressed open market.

The abiding impression, however, is of solidity. Armco is now a company whose principal business is in two of industry's most capital intensive and volatile sectors—oil and steel—but its balance sheet is not laced with riskiness. Even the company's financial executives express a touch of embarrassment at the conservativeness of the 25.2 per cent debt-equity ratio.

One thing is certain: some other American steel companies would give their best blastfurnace to be where Armco is now in terms of strategy.

British avalanche hits Swiss business school

IF YOU believe there is more than a tenuous connection between the level of management education and the prosperity of a country—then there is more than a glimmer of hope for British business.

Not only has management education blossomed in the UK over the past 15 years, but the British appear belatedly to be invading European business schools in search of enlightenment.

At CEI (Centre d'Etudes Industrielles) one of the three leading European business schools outside the UK, more businessmen from Britain are now attending than from any other country. This emerged late last month at a meeting of the school's alumni in Switzerland.

Undeterred by the strength of the Swiss franc, 111 British managers attended programmes at CEI in its latest full year, 1978-79. They represented nearly 15 per cent of the total intake of 765.

The number of Britons attending the centre, based just outside Geneva, has been rising rapidly since the early 1970s. It is now closely followed by the Dutch, Germans and the Swedes, all of whom used to be well ahead in the attendance league.

The most popular course for UK managers appears to be the one week International Programme for Senior Executives, the second highest-level course run by CEI. Almost twice as many British managers attended this course than managers from any other country.

Devolve

CEI was founded in Canada just after the war by Alcan to provide a one-year course for young managers.

Like IMEDE, its competitor in nearby Lausanne, it began life as a company management education centre; IMEDE's originator was Nestle.

But CEI has devolved considerably from its original base. Ten years ago over half its budget and the majority of its governing board came from Alcan. Today the company provides 3 per cent of the finance and has two members on the Foundation Board of 18.

From the start of its life, CEI's other arch rival, INSEAD, was a more independent body: it was a co-operative effort set up with the aid of the Paris Chamber of Commerce which leased a site to INSEAD.

CEI's boast to be the most international of the leading business schools is reinforced by the decision of Reckitt and Colman, one of Britain's largest companies, to use the centre's facilities to run a special tailor-made senior manager development programme.

Reckitt's programme of top-level management training and development will extend over 10 years. According to Clive Fieth, Reckitt and Colman's U.K. director of personnel, the company is trying to achieve two things: to broaden the vision of its top management and to establish a more consistent management style throughout its worldwide operation, which extends across more than 40 countries.

Reckitt had two choices, says Fieth—either for its individual companies to use local management training facilities, or to use one central school to which managers from around the world could attend.

By opting for one course in preference to individual ones in each country Reckitt was more likely to establish the consistent style it wanted.

Fieth looked at six business schools, two in Britain and four in Europe. The reason he chose CEI, he says, was that it had the greatest international breadth and because of the depth and experience of its faculty. The reason no American business schools were considered was because they were seen as too insular.

In all Fieth hopes to put 150 of the company's top managers through the hoop, with two dozen of them attending at a time, for a period of three weeks.

The benefits from such a management development programme are very difficult to measure. As Clive Fieth reflects, somewhat philosophically: "In two years' time we should be able to see the impact."

Jason Crisp

Technical News

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

This is the Ram 40 which is claimed to be one of the first agricultural mechanical handlers to have both pivot steering and a radial arm. It has been developed by Matbro, of Horley, Surrey (02934 5522) which says that substantial benefits over conventional two and four wheel steering are offered. The radial arm is superior to forklift masts and existing types of radial arm for farm use, it is added. The RAM 40 comprises two chassis modules which pivot with respect to each other. Both axles are non-steering and there is no need for king-pins, drag links, drop arms or universal joints. Four wheel steering is provided and the radial arm can be slewed to position a load when the unit is stationary.

● PROCESS CONTROL

Control on the colour screen

CHASING A somewhat crowded market containing names such as Honeywell, Foxboro, Yoxall, Taylor Sybron, Brown Boveri Kent and perhaps half a dozen others all tending to point in the same technical direction, Rosemount Engineering, now a £5m turnover company employing 250 people in Bognor Regis, Sussex, has launched an important variant of its Diogenese process control system.

Its particular approach is operator efficiency and convenience through the use of comprehensive colour CRT displays on which almost any aspect of plant performance can be seen at a glance.

Part of the £70m Minneapolis Corporation, the Bognor company was responsible for the original design of Diogenese and development of the new VDS (video display system) has been shared between the U.S. and UK locations. VDS will be made in the UK and some 60,000 square feet of factory space is currently being negotiated for occupation in 1982.

The Rosemount aim with VDS is the elimination of any kind of software problem for the user and to provide optimum control information in colour with dedicated push buttons to call up alpha-numeric status listings, bar charts, alarm scans and so on. An associated printer allows anything that appears on the screen to be copied, including the graphics.

Plant control programs are held on a small high speed tape cassette and those needed for use are loaded into the solid state store of the VDS. The equipment can accommodate up to 150 variable parameter control channels and 500 "on-off" function channels. Configuration is carried out by a question and answer routine. On setting up the system a particular page is called up on the screen for a particular loop and all the available functions are shown for a choice to be made. In addition the linking of set points, measured variables, feed-forward channels and so on are performed on this configuration page.

Up to three display stations can be used with each Diogenes mainframe. Furthermore, each control loop has its own analogue to digital and digital to analogue module with 100 per cent back-up so that it becomes possible to operate up to three separate parts of the plant independently.

The impressive feature of VDS however is the comprehensiveness of the displays that can be called up. Some 45 continuous and discrete variables can be seen on a single display, or these can be grouped to suit objectives. On a broad inspection basis the operator can call up 50 "overviews" which show in negative-positive bar chart form only the deviation of the variables from zero. He can easily step from the overview directly to a group display to get a closer look at up to nine variable or control loops. Here he can adjust set-points or other parameters and quickly take manual control.

Another button depression will take him to the lowest level in the hierarchy where he can check any detail of an individual group—an alarm setting for example.

Should an alarm condition occur—and there are settings for high and low advisory levels, limits on setpoint and on output—then the condition will be shown with a colour coded symbol flashing at the appropriate place on the screen.

How the VDS is operated is determined by a key and lock switch unit used by the technical manager. In one position he is enabled to configure the whole system but in another, for the operator, only normal control activity can be carried out. Furthermore, the engineer can ensure by his entries that the operator can only move the adjustment cursor on the screen to certain allowable positions.

It is intended in the near future to make available a trending and graphics package which will show on the screen all that has happened to the plant in the past 24 hours with facilities to expand the ten minute period. Floppy discs will be employed.

An approximate cost of the VDS system for 50 control loops is £35,000

More from the company at Durban Road, Bognor Regis, Sussex (0243 863121).

GEOFFREY CHARLISH

● HANDLING

Sacks stacked automatically

FULLY AUTOMATIC palletising equipment purpose-designed to handle all types of sacks is now available from Webster Griffin, Holz House, Dudley Road, Tunbridge Wells, Kent (0892 39426).

Palletisers are offered in low and high output models, stack any kind of sack, regardless of contents, and will even handle those made of woven polypropylene and jute.

Whatever variety of sack is handled, the company says, it offers outputs ranging from 150-2,000 sacks per hour, and produces a very neat and tidy palletised load.

Equipment is said to be of a robust and durable construction with all systems controlled by transistorised logic. After every pre-formed layer has been placed on the load by a dividing stripper table, it is then compressed to ensure greater stability and a neat formation.

Automatic inter-layer gluing is an optional extra and promises to give very high stacks even greater stability although, says the company, this is generally not required.

Programs are available for arranging any desired layer pattern which can be stacked in various heights. Before entering the palletiser, sacks are compacted by a special sack flattener device using rollers or a vibrating mechanism to suit the particular product.

Flattened sacks are arranged in appropriate layer pattern, and when each layer is complete it is then loaded on to the pallet.

When the programmed number of layers is achieved, the full pallet is removed and an empty pallet is supplied for the next cycle. All palletisers operate with wooden euro-pallets and slip pallets. Special pallet sizes can be accommodated when specified by the customer.

Standard machine is 4.6 metres wide by 16½ metres long by 3½ metres high, plus 2.3 metres for the sack flattener. A low level unit can be supplied where head room is restricted.

The equipment is complemented by palletisers for other unit loads, such as cartons and bottles, and a range of automatic shrink wrapping equipment.

● COMPONENTS

Improved Sykes pump

A METHOD of automatic priming, in which air is separated from the liquid both in front of and behind the impeller, is one of the principal advances claimed for the latest version of the Univac automatic priming solids handling centrifugal pump manufactured by Sykes Pumps Woolwich Road, Charlton, London SE7 (01-858 8121).

Among the benefits said to be offered to the user by this new design are improved overall effectiveness and more efficient priming. The addition of a facility for extracting air from the eye of the impeller offers an important advantage over conventional front priming, particularly when a high proportion of air is entrained in the fluid being handled.

The new Series II Univac is manufactured to metric sizes designated as UV100, UV150 and UV200, corresponding to suction intake diameters of 100, 150 and 200m. Alternative high capacity versions with larger engines and impellers are identified as UV100M and UV150M.

As with all Sykes Univacs, these pumps are designed to operate down to static suction lifts of 9.14 metres. The approximate maximum outputs vary between 180,000 litres per hour for the UV100 and 475,000 litres per hour for the UV200; maximum heads of up to 50 metres are obtainable.

Although designed for use with standard diesel engines, the configuration permits a variety of prime movers to be fitted, including electric motors. Both pump and prime mover are mounted on a single fabricated mild steel frame incorporating a fuel tank with a 30-hour capacity.

● TRANSPORT

Freighting overseas

PRACTICAL REFERENCE book for lorry operators whose vehicles travel out of the UK is "A Transport Manager's Guide to International Freighting," written by the late Johnny Johnson who was transport editor of Garage and Transport.

This guide covers documentation requirements, insurance obligations, port facilities at all major British roll on/roll off terminals, scheduled ferry services, vehicle recovery facilities, drivers' hours requirements, tachographs, and travel abroad, etc.

It is available in paperback at £2.95 (hardback at £6.95) from Kogan Page, 120 Pentonville Road, London, N1, or Transport International Pool, Star House, 69-71 Clarendon Road, Watford, Herts. (0923 48311).

● MATERIALS

Thickening agents

FIRST THREE in a series of water soluble thickening agents, designed specifically for the water-based adhesive and latex compounding industries, are named Viscalex AT-11, AT-22 and AT-33, and are available from Allied Colloids, PO Box 38, Low Moor, Bradford, West Yorkshire (0274 671267).

They are supplied as low viscosity, high solids dispersions that are freeze/thaw stable and produce rapid and efficient thickening when added directly to an aqueous formulation.

No addition of alkali is required and the series is said to be effective over a wide pH range, e.g. pH 4.5-12.0.

A special effort has been made to accommodate the rheology requirements of modern application equipment, especially in the fields of woodworking and packaging adhesives, says the company, in addition to meeting the traditional rheology requirements of DIY products, such as tile adhesives.

These thickeners are said to be effective modifiers for many latex types including polyvinyl acetate, polyvinyl-chloride, styrene butadiene, polychloroprene, acrylic and nitrite.

It is envisaged that the extreme ease of use of the Viscalex AT products, when compared to powdered or gel form thickeners, will make them attractive to compounders of most types of water-based adhesives and latex compounds.

Later this year, the company intends to augment this series with products suitable for use in emulsion paints and other water-based surface coatings.

Further information and samples are available from the company.

● SAFETY

Danes use UK valves

DESIGNED TO play a crucial role in the safety of a new, Danish, pulverised-fuel generating station where they are to be fitted to boiler front ends, and then linked to a computerised safety circuit which protects the whole plant from the danger of explosion, are Wey valves made by Reiss Engineering, Dalston Gardens, Stanmore, Middx. (01-204 7155).

These 75 special 400 mm bore valves are said to provide a guaranteed shut-off time of two seconds and were chosen for inclusion in the new plant (an extension of the existing Asnaes power station) being built by the IFV Power Company of Copenhagen.

The safety system at the station responds to any change in the operating conditions—such as a marked rise in temperature or pressure—so that two electroconic signals are transmitted to the Wey valves which close pneumatically; within two seconds, thus preventing any chance of blow back along the fuel lines to the pulverising mill.

The time taken to obtain 100 per cent shut off is crucial and, in obtaining the order, the British valve maker had to guarantee a two second closure rate which meets the most stringent international safety standards.

The company's Wey valves are also to be installed to provide mill isolation and to handle ash slurries and, in these applications, the 100 per cent shut off and high resistance to abrasion will also underline the importance of their value.

● ENERGY

Photo-power cell design

NEWS COMES from the Weizmann Institute of Science, Rehovot, Israel, of a new type of photo-electric chemical cell which might prove useful for powering remotely located telecommunications systems or pumping units in desert areas.

Few technical details are available at the moment apart from the fact that two electrodes and a polysulphide electrolyte are employed in a unit which measures about 200 mm long by 50 mm wide. These have been combined into larger units able to produce 24 volts. By the addition of a third electrode of an undisclosed nature the cell can apparently be made to operate in a storage mode.

The Institute claims that the light-to-voltage conversion efficiency of the liquid cells compares favourably with solid state devices and that the materials costs are lower.

● INSTRUMENTS

Heat loss meter

METROL describes an instrument which, its Spanish developers say, makes possible for the first time direct measurement of heat losses in the field.

It has three scales—kcal per square metre per hour, Watts per square metre and BTU square foot/hour—and can register over the range 0.1 to 1,000 BTU square foot/hour, for instance.

No power source or batteries are required and the thermo-electric transducer (probe) and the meter it drives are optimally matched.

In operation, the probe is attached to any surface which is to be studied. A reading is taken as soon as the probe is in thermal equilibrium with the surface. For large areas, an averaging operation is recommended.

Calibration is at source and the unit can readily be used to estimate K values.

Further details from Disco Ingenieros SA, Santusuma Trinidad, 20, Madrid 3, Spain.

Analyses the grain

RAPID DETERMINATION of protein and moisture of cereals is promised with a new cereal analyser now available in the UK from the special products division of Henry Simon, PO Box 31, Stockport (061 428 3600).

The instrument is made by Neotec Instruments Inc. of Maryland, USA, and is designated GCA 101. It utilises the latest developments in near-infrared technology to provide accurate, reliable and low cost analysis within seconds on a digital display and can be delivered in pre-calibrated form.

Designed to meet the requirements of most grain handling establishments, it can operate over a wide temperature range and will withstand extreme fluctuations in power supply.

The company says that the analyser is easy to operate as no special training is required.

LOMBARD

Questions for the Treasury

BY PETER RIDDELL

THE BUDGET speech and the subsequent debate and comments have raised several major questions about the composition of the public spending cuts and about the economic assumptions underlying the new medium-term financial strategy. Some of these points have been left deliberately vague by the Government. But there is now an opportunity for these questions to be pursued in detail.

Evidence

The Treasury and Civil Service Committee of the Commons will this week start an inquiry into the Budget and the Public Expenditure White Paper. This will involve taking evidence from both Treasury officials and, after the Easter recess, from the Chancellor. It will be the committee's first major economic inquiry.

Almost whatever view is taken about the broad political and economic strategy of the Budget, the main points still needing explanation are:

1—The proposed 4 per cent, or £2.6bn, reduction in the volume of public expenditure between 1979-80 and 1983-84 appears to depend principally on increases in public sector charges rather than on cutbacks in services or manpower. But *nowhere is this discussed.*

2—A big element in the cuts is the apparently ambitious target for a reduction in spending on housing of 48 per cent, or £2.58bn, over the four years. After 1980-81 there is no breakdown of the detailed cutbacks and, in particular, of the balance *between reductions in new local* authority housebuilding and in current subsidies and therefore there is no indication of the size of the increase in rents in real terms.

3—The other main change in the White Paper is an apparently miraculous transformation *in the financial position* of nationalised industries from net borrowing of £2.3bn in 1979-1980 to a net repayment of £400m in 1983-84. Since their total capital requirements are expected to rise by £650m over the period this implies a massive improvement in cash flow. But the White Paper contains only general references to the reduction or elimination of current losses by the coal, steel, and shipbuilding industries, the containment of costs by British Rail and the elimination of underpricing by the gas and electricity industries. These are all splendid aspirations but the absence of any explanation of how they are supposed to be achieved raises doubts about the plausibility of the White Paper.

4—The Budget documents as a whole leave a cloud of uncertainty about the operation of cash limits. The intention is apparently to aim in 1980-81 for a slightly smaller general squeeze on volume than in the current financial year—on the sensible grounds that it would be unrealistic to try for a larger squeeze in addition to the existing belt-tightening. But some, even very tentative discussion of the operation of the squeeze in 1979-80, particularly the impact on staff numbers, would have been helpful.

5—One of the main criticisms of the Budget in the past few days has been about the omission of any significant direct help for industry (apart from the change in stock relief). The Treasury evidently feels that industry may have learnt from the experience of 1974-75 and has been anticipating a further squeeze. Outside analysts are more worried about the actual and potential squeeze on industry, *especially manufacturing.*

Oil revenues

6—The medium-term financial strategy deserves all the welcome it has received in this paper and in the City. But too many of the underlying economic assumptions have been left unstated. It is arguable that the 1 per cent annual rise in total output after 1980 assumed in the strategy is too low, but there is little discussion of how the economy is supposed to switch from the declining trend *of output of the next 12 months* or so to the subsequent recovery. The absence of any serious discussion of the impact of North Sea oil is explicable in terms of the current EEC negotiations but is a handicap for any understanding of the medium-term outlook. The assumptions about North Sea oil revenues seem to be very conservative compared with outside projections but they should be explicit rather than implicit.

The disc and cassette free for all

FILM AND VIDEO

BY JOHN CHITTOCK

WITH OVER 450 people converging on London last week for the 4th International Video Disc and Videogram Conference, there has been no shortage of opinions about where this extraordinary new medium is going. As Programme Chairman of the event, I have endeavoured to keep a detached view and tried to gain a perspective on the utterances of the 35 speakers from seven countries. But only one thing emerges with indisputable clarity: no two people are ever agreed as to what will really happen in the next five years.

The issues now under debate in the media community are numerous. Will videocassettes become as big an industry as broadcast television itself? Will the video disc player become an even more successful product than the video recorder, or is it too similar and too late in the market place? Will these developments affect the commercial cinema and broadcast television, even challenging the use of sprocketed film for programme origination? And is there room for so many rival, incompatible systems—and if not, who will go to the wall?

The answers to some of these questions were perhaps evident in some of the facts to emerge at the conference, albeit buried as innocent-sounding data in the middle of long speeches. Who for example would dare to doubt any longer the growth potential of videocassettes if they heard one statistic from Mr. Aske Dam, an expert on the Japanese industry—namely that video recorder exports from Japan in 1979, at Y222bn (£407m) exceeded for the first time those of *colour television* sets? That is quite a shake-up.

On the morning of the conference and not by pure coincidence at the same venue, Sir Harold Wilson released the Third Report of the Government-appointed Interim Action Committee on the Film Industry. This report addresses itself to the impact on the film industry of video, cable TV and other technologies. However dismissive the film industry has been in the past in its attitude to video, this report says it all: "Future production and sales of audio-visual material through tape or disc will rank alongside the paperback book market. . . ."

From both the video conference and the pages of the Wilson report, another reason*able conclusion emerges.* The demand for programme production, on sprocketed film, videotape or whatever, will be considerable and these new media offer nothing but opportunity for the producers.

For the cinema operators, life may be more difficult, although on *this subject* views are divided. The Wilson report quotes the surprising opinion of the British Kinematograph Sound and Television Society that the use of video would not show any significant reduction in cinema presentation costs. Yet data recently published elsewhere indicate dramatic savings in print costs alone: five 35mm prints of one hour running time at typical prices would cost over £2,600: their equivalent on the U-matic videocassettes now used in video theatres would cost a mere £175—and the cassettes can withstand at least ten times the number of screenings of a film. They also require less attention and can be operated by the same person who takes the ticket money.

Some information about the relative cost of video cassettes and video discs also emerged at the conference, at last providing a basis for comparing the claims of the two media. The manager of the UK Philips video disc factory at Blackburn, Mr. Alan Hayward, was reluctant to be drawn on the subject of how much a disc would cost a programme supplier ex-factory—understandably because the plant is not yet operational. But by a process of deduction, aided by questions from delegates, £2 seems a fair guess. The equivalent on video cassettes (viz., two hours at maximum copy depth) is £14.

None the less, one school of thought clings to the view that pre-recorded videocassettes will inhibit the success of video discs, backing up their claim with details of newer videotape machines on the way (such as Toshiba's LVR system) which will have even lower tape costs per hour.

Some speakers at the conference identified the snags in this view. The quest for slower and slower tape runnings speeds (to the point "where the tape will cease to move at all" is being made at the expense of sound quality, whereas the stereo hi-fi reproduction of the Philips video disc player—to the highest international standards—is an asset of considerable importance.

Hi-fi stereo via television sets was seen as the next consumer benefit that could capture the imagination of the buying public. Furthermore, some of the new tape systems provide cheaper running costs or freeze-frame facilities at the expense of wear on both tape and the expensive video heads—problems the disc does not experience.

For me, one of the highlights was the demonstration of the industrial version of the Philips video disc system—this supplied by DiscoVision Associates, the new IBM/MCA video disc company. The industrial player incorporates micro-processor control so that instant access to any part of the disc (as still frames or moving picture sequences) can be programmed by the user for automatic replay in any kind of sequence, using either or both of the two sound tracks. For training programmes, as one example, this means that a single disc can be used in a variety of ways—tailored to different audience groups and incorporating two-choice questions which lead on to different parts of the programme depending on the response of the viewer.

DiscoVision Associates demonstrated how General Motors is using this facility in the U.S., where over 10,000 players have been ordered for their dealers. A single disc incorporates numerous selling sequences for showroom demonstrations of the various features in GM cars (any sequence instantly retrievable), plus training material which can be programmed for all manner of dealer purposes.

One UK department store group was so enthusiastic about this demonstration that it is now investigating the possibility of importing these Americans NTSC standard players, complete with NTSC television sets, for a similar application.

The conference has failed to offer any scent of victory in the battle between Philips, RCA and JVC—each of which has rival video disc systems. RCA announced its intention to market the SelectaVision system in Europe (for the PAL television standard) although no date is fixed. JVC revealed more details of its own VHD system, leading me to the personal view that it looks like a bad compromise between the sophistication of the Philips player and the simplicity of the RCA system.

At least Britain has become a major supplier of services if not equipment for this new business. And the conference seemed to agree that British prowess in television programming could make the country a major production centre for videograms. This was exemplified at the opening of the conference with the screening of the first UK programme to be solely conceived for the Philips video disc player—*Through British Eyes*, a brief exploration of the Tate Gallery, shot to accompany a stereo recording of Vaughan Williams' *The Lark Ascending*. A speculative venture by World Wide Pictures, it is an effective first step on the road to exploring this new medium.

Skewsby up to Nottingham test

RACING

BY DOMINIC WIGAN

TWELVE MONTHS ago Opera Star (50-1), Years Ahead (25-1), and Via Delta (10-1) were among the winners at Nottingham. With the ground sure to be testing today backers could *again be in for some* upsets.

The trickiest event is the Trent Bridge Handicap, over two miles. A chance of some sort can be given to all but a couple of the 15 runners. Two fit from hurdling who seem sure to go well are the four-year-old Skewsby and Fata Morgana, a year older.

Skewsby, a winner twice at Haydock in the 1979 season and also at Newcastle, picked up a useful prize last time out when accounting for the odds-on Pulse Rate and Three Ways in a £1,600 Juvenile Hurdle at Market Rasen.

Skewsby, a tough mare who is as at home in the mud as on a fast surface, can add to her tally by conceding 21 lbs to the grey gelding, Fata Morgana.

Edward Hide, who rides Skewsby, has a number of other likely looking mounts, including Ceremonious and Espadrille.

Ceremonious ran respectably when backward in the South Yorkshire Stakes won by Swan Princess at Doncaster on Lincoln day, and may now be fit enough to account for Miss Murton in the opener, the Old Trafford Maiden Stakes.

There was a lot to like about the way in which Schumann's full sister Espadrille shaped when chasing home Off Shore at Yarmouth last autumn. However, I somehow doubt if the Hotfoot filly will be sufficiently well forward this time to peg back the race-fit Norfolk Light in the 1¼ miles Oval Maiden Stakes.

If, as his race record and breeding suggests, the Amber Rama colt, Rama Tibodi, needs a sound surface to produce his best, then the 6 furlongs Headingley Stakes is likely to fall to Bezique.

This chestnut daughter of Simbir proved far too good for all but the Duke of Edinburgh Stakes second, Divino Santi, in a maiden event over this trip at Newbury in October.

NOTTINGHAM
2.00—Ceremonious
2.30—Echenior*
3.00—Willowbrook Flyer
3.30—Bezique***
4.00—Skewsby
4.30—Norfolk Light**

TV Radio

BBC 1

† Indicates programme in black and white

6.40-7.55 am Open University (Ultra high frequency only). 9.55 Ludwig. 10.00 Jackanory. 10.15 Tarzan, Lord of the Jungle. 10.35 Hang on Doggy. 12.45 pm News. 1.00 Pebble Mill at One. 1.45 Flumps. 3.20 Dechrau Siarad (Learning Welsh). 3.53 Regional News for England (except London). 3.55 Play School (as BBC2 11.00 am). 4.20 Lassie. 4.40 April Fool (Part 1). 5.10 John Craven's Newsround. 5.15 April Fool (continued).
5.40 News.
5.55 Nationwide (London and South East only).
6.20 Nationwide.
6.55 Daffy Duck.
7.05 One More Time (London and South East only).
7.35 Life on Earth.
8.30 Time of My Life.
9.00 News.
9.25 Rebecca.
10.20 Windhover.
11.10 Platform One: Bernard Donoughue in conversation.
11.40 Weather/Regional News.

All Regions as BBC1 except as follows:

Cymru/Wales—4.40-5.10 pm On Location . . . with "God's Wonderful Railway." 5.15-5.40 Bilidowcar. 5.55-6.20 Wales Today. 7.05-7.35 Heddiw. 11.40 News and Weather for Wales.

Scotland—12.40-12.45 pm The Scottish News. 5.55-6.20 Reporting Scotland. 7.05-7.35 Young Musician of the Year. 10.20 Current Account. *10.50* Glasgow Rules OK? 11.20 News and Weather for Scotland.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 7.05-7.35 Children and their Music. 10.20 Spotlight on Northern Ireland Affairs. 10.50 Windhover. 11.40 News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Newcastle); Look North West (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 7.05-7.35 East (Norwich) Timeslip; Midlands (Birmingham) Summer Diversions; North (Leeds) Close-up North; North East (Newcastle) Looks Natural; North West (Manchester) Ready Eddie Go; South (Southampton) The Getaways; South West (Plymouth) This Way Up; West (Bristol) Sports Show.

BBC 2

6.40-7.55 am Open University.
11.00 Play School.
4.50 pm Open University.
6.55 The Great Egg Race.
7.25 Mid-Evening News.
7.35 Outside a City Wall.
7.45 The Past at Work.
8.10 MacLeod's America.
8.30 Writers and Places.
9.00 A Question of Guilt.
9.30 Yesterday's Witness in America.
10.30 Top Gear.
10.45 Newsnight.
11.30 The Old Grey Whistle Test.

LONDON

9.30 am Untamed Frontier. 9.55 Rocket Robin Hood. 10.15 Heritage. 11.05 The Mackenzie Affair. 11.55 The Bubbles. 12.00 Paperplay. 12.10 pm Pipkins. 12.30 The Sullivans. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Take the High Road. 2.00 After Noon Plus. 2.45 Wilde Alliance. 3.45 Look Who's Talking. 4.15 Pop Gospel. 4.45 Magpie. 5.15 Emmerdale Farm.
5.45 News.
6.00 Thames News.
6.25 Help!
6.35 Crossroads.
7.00 *Charlie's Angels.*
8.00 Armchair Thriller.
8.30 George and Mildred.
9.00 Hollywood.
10.00 News.
10.30 Boxing: WBC Welterweight Championship — Sugar Ray Leonard v Dave "Boy" Green, and WBA Heavyweight Championship, John Tate v Mike Weaver.
11.30 Thames Debate.
12.15 am Encounter at Easter.

All IBA Regions as London except at the following times:

ANGLIA

9.30 am The Three Musketeers. 10.15 Solo One. 10.40 You Can Make It. 11.05 Country Comes West. 11.30 Frontiers of Discovery. 1.25 pm Anglia News. 6.00 About Anglia. 7.00 Bygones. 7.30 You're Only Young Twice. 11.30 Twist in the Tale. 12.00 A Hymn for Holy Week.

ATV

9.30 am Sesame Street. 10.30 Sandokan. 11.10 Animated Classics. 12.30 pm George Hamilton IV. 1.20 ATV Newsdesk. 5.15 Survival. 6.00 ATV Today. 7.00 Emmerdale Farm. 7.30 Armchair Thriller. 11.30 ATV Newsdesk. 11.35 SWAT.

BORDER

9.30 am Sally and Jake. 9.45 Sesame Street. 10.45 You Can Make It. 11.10 Country Comes West. 11.35 Frontiers of Discovery. 1.20 pm Border News. 5.15 Father Dear Father. 6.00 Lookaround Tuesday. 7.00 Emmerdale Farm. 7.30 Survival. 8.30 Leave It To Charlie. 11.30 Lou's Legion. 12.30 am Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News, What's On Where and Weather. 5.12 Puffin's Birthday Greetings. 5.15 Bailey's Bird. 6.00 Report at Six. 10.28 Channel Late News. 12.25 am Commentaires et Previsions Meteorologiques.

GRAMPIAN

9.25 am First Thing. 9.30 Young Ramsay. 10.25 Larry the Lamb in Toytown. 10.40 You Can Make It. 11.05 Country Comes West. 11.30 Frontiers of Discovery. 1.20 pm North News. 6.00 North Tonight. 7.00 A Man Called Sloane. 11.30 Reflections. 11.35 Streets of San Francisco. 12.30 am North Headlines.

GRANADA

9.30 am Sesame Street. 10.30 History Around You. 10.45 The Lone Ranger Show. 11.05 To the Wild Country. 11.50 The Bubbles. 1.20 pm Granada Reports. 5.10 This Is Your Right. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Emmerdale Farm. 7.00 Kate Loves a Mystery. 8.30 Leave It To Charlie. 11.30 SWAT.

HTV

9.25 am Beachcombers. 9.50 Survival. 10.15 The Mad Dog Gang Meets Rotten Fred and Ratsguts. 10.40 You Can Make It. 11.05 Country Comes West. 11.30 Frontiers of Discovery. 1.20 pm Report West Headlines. 5.15 Magilla Gorilla. 5.20 Crossroads. 6.00 Report West. 6.30 Beat in the West. 11.30 Mrs. Columbo.

HTV Cymru/Wales—As HTV West/HTV General Service except: 12.00-12.10 pm Ffalabalam. 1.20 Penawdau Newyddion y Dydd. 1.25-1.30 Report Wales Headlines. 4.15-4.45 Sbardun. 6.00 Y Dydd. 6.15 Report Wales. 6.30-7.00 Worzel Gummidge. 10.30 Bywyd. 11.15-12.15 am World Championship Boxing.

SCOTTISH

9.30 am Friends of Man. 9.55 Kimbati Birth of a Nation. 10.40 You Can Make It. 11.05 Country Comes West. 11.30 Frontiers of Discovery. 1.20 pm News and Road and Weather. 1.30 Selwyn. 5.15 Alastair. 5.20 Crossroads. 6.00 Scotland Today. 6.30 What's Your Problem? 7.00 Take the High Road. 7.30 Love Thy Neighbour. 11.30 Late Call. 11.35 Celebrity Concert—Nana Mouskouri.

SOUTHERN

9.30 am No Fence For Baronne. 9.55 Rush. 10.40 You Can Make It. 11.05 Country Comes West. 11.30 Frontiers of Discovery. 1.20 pm Southern News. 5.15 Dick Tracy Cartoon. 5.20 Crossroads. 6.00 Day by Day. 7.00 Emmerdale Farm. 7.30 Doctor Down Under. 11.30 Southern News Extra. 11.35 George Hamilton IV.

TYNE TEES

9.20 am The Good Word, followed by North East News Headlines. 9.30 Mystery Island. 9.40 Celebrity Concert (Tom Jones). 10.30 Time of the Hawks. 10.55 Cartoon Time. 11.05 Country Comes West. 11.30 Frontiers of Discovery. 1.20 pm North East News and Lookaround. 5.15 How's Your Father? 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life. 7.00 Emmerdale Farm. 7.30 Survival. 11.30 North East News. 11.35 Police Woman. 12.35 am Epilogue.

ULSTER

10.15 am Hop, Skip and Jump. 10.40 You Can Make It. 11.30 Frontiers of Discovery. 1.20 pm Lunchtime. 4.13 Ulster News Headlines. 5.15 The Bubblies. 5.20 Crossroads. 6.00 Good Evening Ulster. 7.00 Emmerdale Farm. 7.30 Survival. 10.29 Ulster Weather. 11.35 Soap. 12.05 am Bedtime.

WESTWARD

9.30 am Sesame Street. 10.25 Cartoon Time. 10.40 You Can Make It. 11.05 Country Comes West. 11.30 Frontiers of Discovery. 1.20 pm Westward News Headlines. 5.12 Gus Honeybun's Birthdays. 5.15 Bailey's Bird. 6.00 Westward Diary. 10.28 Westward Late News. 11.30 Kez. 12.25 am Faith for Life. 12.30 West Country Weather and Shipping Forecast.

YORKSHIRE

9.30 am The Coral World. 10.20 Call It Macaroni. 10.45 BJ and the Bear. 1.20 pm Calendar News. 3.45 Calendar Tuesday . . . At Your Service. 5.15 How's Your Father? 6.00 Calendar (Emley Moor and Belmont editions). 7.00 Emmerdale Farm. 7.30 Survival. 11.30 Casino de Paris, starring Line Renaud.

Radio Wavelengths

1 1053kHz/285m 1089kHz/275m
2 693kHz/433m 909kHz/330m & 88-91vhf stereo
3 1215kHz/247m & 90-92.5vhf stereo
4 200kHz/1500m & 92-95vhf
BBC Radio London: 1458kHz, 206m & 94.9vhf
Capital Radio: 1548kHz 194m & 95.8vhf
London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast
‡ Medium wave

5.00 am As Radio 2. 7.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Peter Powell. 2.00 pm Andy Peebles. 4.31 Kid Jensen. 7.00 Personal Call. 8.00 Mike Read. 9.50 Newsbeat. 10.00 John Peel (S). 12.00-5.00 am As Radio 2.

RADIO 2

5.00 am News Summary. 5.03 Ray Moore (S). 7.32 Terry Wogan (S), including 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.03 Jimmy Young (S). 12.03 pm David Hamilton (S). 2.03 Ed Stewart's Request Show (S). 4.03 Much More Music (S). 5.00 News (S). 5.05 Waggoners' Walk. 5.20 Much More Music (S). 6.03 John Dunn (S). 8.02 Hubert Gregg says I Call It Genius: Laurel and Hardy. 9.02 Glamorous Nights (S). 9.55 Sports Desk. 10.02 The Frankie Howerd Variety Show. 11.02 Brian Matthew with Round Midnight, including 12.00 News. 2.02-5.00 am You and the Night and the Music (S).

RADIO 3

‡6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Hindemith (S). 10.00 [illegible] 11.50 Tchaikovsky [illegible]. 1.00 pm News. 1.05 Concert Hall [illegible]. 2.00 Matinee Musicale [illegible] (S). 3.00 [illegible] (S). 5.00 Mainly for Pleasure (S). 6.30 [illegible]. 7.00 [illegible] Concert (S). 9.15 The Great Prayer [illegible] (S). 11.00 News. 11.05-11.15 [illegible] (S).

English Ayre: Concert (S). 11.20 Mendelssohn: Octet in E flat (S). 11.55 News.
VHF only—6.00-7.00 am and 6.20-7.00 pm Open University.

RADIO 4

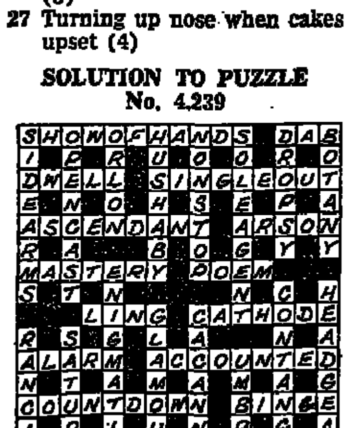
6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today, including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News Headlines. 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Tuesday Call. 10.00 News. 10.05 Medicine Now. 10.30 Daily Service. 10.45 Canterbury Pilgrimage. 11.00 News. 11.05 Thirty-minute Theatre (S). 11.35 Wildlife. 12.00 News. 12.02 pm You and Yours. 12.27 Down Your Way. 12.55 Weather, programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Listen with Mother. 3.15 Women in Love (S). 4.10 Bookshelf. 4.40 Announcements. 4.45 Short Story. 5.00 PM News magazine. 5.50 Shipping forecast. 5.55 Weather, programme news. 6.00 News. 6.30 [illegible]. 7.00 News. 7.05 The Archers. 7.20 A Country of Villagers: Portrait of Sri Lanka (S). 8.05 In Touch. 8.20 Stirrings: Songs and anecdotes, starring Elaine Stritch (S). 9.15 Down the Garden Path. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 The Hornblower Story (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

F.T. CROSSWORD PUZZLE No. 4,240

ACROSS
1 Start to escape (3, 3)
4 Worried animal with paper head (8)
10 Ought to share speech (7)
11 Choose one American state from visual (7)
12 Check branch of family (4)
13 Fool to play part of nanny (3, 3, 4)
15 Love outfit to have fashionable beginning (6)
16 Way round blood vessel dented (5, 2)
20 Fuss with piano Edward took up (7)
21 Gunman putting game bird right (6)
24 He massages nerve of nosey-parker (6-4)
26 Police in wood we hear (4)
28 Bribe artist with refusal to singer (7)
29 Close sound of foreign language (7)
30 Need dad's disorder be made unhappy? (8)
31 Sailor posted away (6)

DOWN
1 Performance by Milligan and Co. to be displayed (2, 2, 4)
2 Business revolution dealt a regular blow (5, 4)
3 Gladly put one in ventilator (4)
5 A job consumed by renegade (8)
6 Begin order looming ahead (3, 7)
7 Right page etc or crack up (5)
8 One would turn up after time to widen (6)
9 Decree in which two directions play a part (5)
14 Trusting to get on to plain food (6, 4)
17 Is in better make up (9)
18 Lanky person training runners to reach the top (8)
19 Money bowler makes in general (5, 3)
22 Credit is twice offered at decisive moment (6)
23 Make fun of food (5)
25 One that can be expected to stand on his own two feet (5)
27 Turning up nose when cakes upset (4)

SOLUTION TO PUZZLE No. 4,239



ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM. Credit cards 240 5258. Reservations 836 3161. Evgs 7.30. Mat Sat 2.30. LONDON FESTIVAL BALLET. Tonight & Thurs: [illegible] Sphinx & Etudes. Thurs & Sat: The Sleeping Beauty.

COVENT GARDEN. CC. 240 1066. (Gardencharge credit cards 836 6903). THE ROYAL OPERA. Tonight & Sat 7.30: Lucrezia Borgia. Thu 7.30: The Rake's Progress. THE ROYAL BALLET. Fri & Mon 7.30: The Four Seasons/Gloria/The Concert. 65 Amphi. seats avail. for all perfs. from 10 am on day of perf.

SADLER'S WELLS THEATRE. Rosebery Ave. EC1. 837 1672. CC. 837 3856. Evgs. 7.30. Until Sat. SCOTTISH OPERA. Tonight, Thurs & Sat: The Barber of Seville. Tomor & Fri: Mary, Queen of Scots.

THEATRES

ADELPHI. CC. 01-836 7611. Evgs. at 7.30. Mats. Thurs. 3.0. Sat. 4.0. [illegible] ANNA NEAGLE in THE WORLD'S GREATEST MUSICAL MY FAIR LADY. Credit Card Hotline 01-836 7358.

ALBERY. 836 3878. [illegible] OLIVER [illegible]

ALDWYCH. S. 836 6404. CC. 379 6233. ROYAL SHAKESPEARE COMPANY in repertoire. [illegible]

APOLLO THEATRE. CC. 01-437 2663. [illegible]

ASTORIA. CC. S. 01-734 4291. [illegible]

BOULEVARD TH. at the Raymond Revuebar. [illegible] PAUL RAYMOND presents MARILYN CHAMBERS [illegible]

CAMBRIDGE. CC. 01-836 6056. [illegible]

COCHRANE TH. CHARLIE DRAKE in [illegible]

COMEDY THEATRE. CC. 930 2578. [illegible] THE ROCKY HORROR SHOW. [illegible]

CRITERION. 930 3216. CC. [illegible]

DUCHESS TH. S. CC. 01-836 8243. [illegible]

DUKE OF YORK'S. CC. 836 5122. [illegible]

FORTUNE. S. CC. 01-836 2238. [illegible]

GARRICK. CC. 01-836 4601. [illegible]

GLOBE THEATRE. S. CC. 01-437 1592. [illegible]

GREENWICH THEATRE. S. CC. 858 7755. [illegible]

HAYMARKET THEATRE. CC. 01-930 9832. [illegible]

HER MAJESTY'S THEATRE. 01-930 6606. [illegible]

KING'S HEAD. 01-226 1916. [illegible]

LYRIC HAMMERSMITH. 01-741 2311. [illegible]

LYRIC THEATRE. CC. 01-437 3686. [illegible]

MAY FAIR. S. CC. 01-629 3036. [illegible]

NATIONAL THEATRE. S. CC. 928 2252. OLIVIER (open stage): [illegible] LYTTELTON (proscenium stage): [illegible] COTTESLOE (small auditorium—all tkts £2): [illegible]

OLD VIC. 928 7616. [illegible]

PALACE. CC. 01-437 6834. [illegible] JESUS CHRIST SUPERSTAR. [illegible]

PALLADIUM. CC. 01-437 7373. [illegible]

PHOENIX THEATRE. CC. S. 01-836 2294. [illegible]

PICCADILLY. From 9 am 437 4506. CC. [illegible]

PRINCE EDWARD. CC. 01-437 6877. [illegible] EVITA [illegible]

PRINCE OF WALES THEATRE. 930 8681. [illegible]

QUEEN'S. CC. 01-734 1166. [illegible]

RAYMOND REVUEBAR. CC. 01-734 1593. [illegible]

ROUND HOUSE. 01-267 2564. [illegible]

ROYAL COURT. S. CC. 730 1745. [illegible]

ST. MARTIN'S. CC. 836 1443. [illegible] AGATHA CHRISTIE'S THE MOUSETRAP. [illegible]

SAVOY THEATRE. 01-836 8888. [illegible]

STRAND. 01-836 2660. [illegible]

TALK OF THE TOWN. CC. 01-734 5051. [illegible]

VAUDEVILLE. CC. 01-836 9988. [illegible]

VICTORIA PALACE. CC. 01-828 4735-6. [illegible] ANNIE. [illegible]

WAREHOUSE. Donmar Theatre, Covent Garden. [illegible] Royal Shakespeare Company. [illegible]

WINDMILL. CC. 01-437 6312. [illegible] Paul Raymond presents [illegible]

WYNDHAM'S. S. 01-836 3028. [illegible]

YOUNG VIC STUDIO. [illegible] THE IMPORTANCE OF BEING [illegible]

CINEMAS

ABC 1 & 2 SHAFTESBURY AVE. 836 8861. [illegible]

CLASSIC 1, 2, 3, Haymarket (Piccadilly Circus Tube). [illegible]

CLASSIC 1, 2, 3, 4, 5, Oxford St. [illegible]

CLASSIC POLY, Oxford Circus (Upper Regent Street). [illegible]

CLASSIC, Leicester Square. [illegible]

CURZON, Curzon Street W1. 499 3737. [illegible]

ODEON HAYMARKET (930 2738-2771). [illegible]

ODEON LEICESTER SQUARE (930 6111). [illegible]

ODEON MARBLE ARCH W2 (723 2011-2). [illegible]

PRINCE CHARLES, Leic. Sq. 437 8181. [illegible]

STUDIO 2 & 4. Oxford Circus. 437 3300. [illegible]

ART GALLERIES

BROWSE & DARBY. 19, Cork Street. [illegible]

FINE ART SOCIETY. 148, New Bond St. W1. [illegible] RICHARD EURICH. [illegible]

FIELDBORNE. 63 Queens Grove, St. John's Wood. [illegible]

MARLBOROUGH. 6, Albemarle St. W1. [illegible] EDWARD SEAGO [illegible]

MATHAF GALLERY. 24, Motcomb St. SW1. [illegible]

LEFEVRE GALLERY. 30, Bruton St. W1. [illegible]

NICOLA JACOBS GALLERY. 9, Cork St. [illegible]

THE PARKER GALLERY. 2, Albemarle Street, Piccadilly, W1. [illegible]

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Four English painters

by WILLIAM PACKER

There is at the moment a great deal of excellent modern painting to be seen in London; nothing so very unusual in that, you might, indeed should say, but the problem it presents is hardly answered by mere simple, honest encouragement. For, as it always does, plenty only serves to raise the awkward matter of selection to the condition of real difficulty, any decision bound to be in some measure partial and unfair. The little survey made here, therefore, is not meant to be taken at all as an exclusive or definitive judgment, setting out only the very best of the crop, but rather as an indication of the variety of work of such quality currently, as it is regularly available to the sympathetic and energetic viewer.

Geoff Ogden (at the Fieldbourne Gallery, Queen's Grove, NW8, until April 12) is the only out and out figurative painter among the four I have chosen, his work a direct and unaffected expressionism. He lives and works deep in the countryside beyond Newlyn, towards Land's End, in circumstances which are, to say the very least, extremely testing. Indeed, it remains a source of some wonder to those who know him that he is still able to work at all, let alone produce anything that is any good. Yet he does go on, determined to live, so far as is possible, by and for his art, a brave and remarkable man.

His subject is the landscape about him, that has become, in an important aspect of his work, the private world through which he and his family move. The paintings he makes of this latter kind are usually rather large and inevitably self-conscious, fraught with personal feeling and significance. They are not without interest, but they are awkward and unresolved, the figures curious impositions, at odds with the landscape, the landscape itself rather generalised and unconvincing, as though invented: which all goes to suggest, not that the work is second-rate, but that it has been shown prematurely. Ogden, perhaps, like many an artist shown too seldom through no fault of his own, might simply have been tempted by the London opportunity to put just too much in.

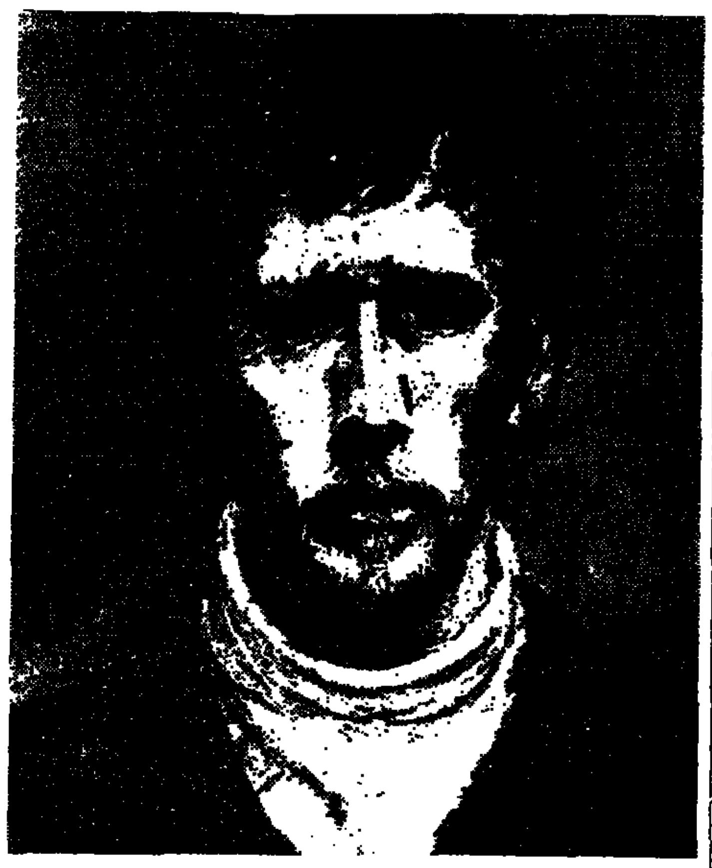
For the fact is that the landscapes alone, fruit of direct experience and work on the spot, have strength and authority enough to stand up in any company, spontaneous and naturally inventive images, handled with confidence, deftness and subtlety. Ogden enjoys a real sense of place, which he communicates admirably, spiriting us past his tangles of undergrowth and broken scrub, away across the typical Cornish moorland to the sea far beyond, exercising the visual imagination by an instinctive command of practical means. He is one of the most interesting of our landscape painters at work today.

John Loker (at Angela Flowers, Tottenham Mews W1, until April 12) is another landscape painter, but one of altogether different an order, consciously sophisticated and abstracted. Certainly the landscape gives him a particular and recognisable starting point, but its image, already generalised to near abstraction, is then systematically set at a further remove from that source, through a number of stages, step by step. The process itself is quite simple, the initial statement set against a grid which is then amplified by degrees, the image itself thus enlarged, and the eye drawn in to the ever inflated detail. The particular reference, such as it is, falls away, leaving only an aura of association to the simple brush-stroke, the paint itself and the worked surface.

Loker has been employing this method and this serial device for some years, to what is often stunning effect, the paintings themselves of seductive subtlety and finesse. But, however beautiful the results, mere repetition can be stultifying, and in the end even destructive to the artist. Development cannot be forced, I know, but remains necessary. The exciting thing about this show, therefore, is the evidence it presents, quite apart from very good pictures, of some important changes taking place, the painted borders, for example, which were so conspicuous have been eroded, in one case removed altogether; and the general handling has become freer, worked from the wrist as it were, rather than the finger-tip, bespeaking a welcome relaxation and expansiveness. The small works on paper, single images grouped together, also suggest that the one image on a single canvas might not be very far away.

The only entirely abstract paintings are by Terry Frost (at the New Art Centre, Sloane Street, again until April 12), another artist based in Cornwall, and the most senior of my four. His work is disarmingly, deceptively straight-forward, almost baldly so, his clean, bold colour informing the simplest of forms, those often quite roughly drawn or even just cut from canvas and stuck onto the surface. And the preoccupations are apparently those standard to later modernism: the primacy of surface, painting as object, the autonomy of colour—which, like Ellsworth Kelly, at the Hayward, he invests with an almost heraldic authority.

These are all seriously and effectively treated, but there is much more to the work than just pointing about painting. Frost is a manifest romantic: he, too, draws his visual excitement not just from his work but from the world around him, from what he sees. There is in fact discernible in his work a quality of the Cornwall he has known for so many years, which it seems he cannot do without: the clarity of the air that sharpens the form, and gets into and conditions the colour. And it is not stretching the fancy too far to see in his work the suggestive presence of images that lesser, more literal artists might never make their own, rings and ropes around a bollard, corks and buoys bobbing on the water, bright sails against dark seas.



Self-portrait: Geoff Ogden

And finally a very brief word about John Walker, whose latest work is to be shown in two groups (at Nigel Greenwood, Sloane Gardens, Part I until April 19; Part II until May 10). This is his first major exhibition in this country for a considerable time, and thus an event of some importance, one which I intend to treat at some length. He, too, is an artist whose work is undergoing fundamental if gradual change, moving gingerly from abstraction towards, if not a clear representation, at least an imagery rich in figurative suggestion and ambiguous association. The works are as large and ambitious as ever, the surface dense and clotted with paint; and very exciting they are. I shall now wait for Part II, but strongly recommend a visit to Part I in the meantime.

Andy and others

by WILLIAM PACKER

Standing out amongst the latest crop of Art Books like a clown at a funeral, is *Andy Warhol's Exposures* (Hutchinson: 257 pp; 360 illus.; £8.95), the most funny peculiar publication for some time. It is not particularly well produced, the Index, such as it is, stuck perfunctorily into the endpapers, and an overall appearance that is, well, unprepossessing, but for all that is possessed of a distinct if decidedly squalid charm.

Really it is a Picture Book, a self-consciously un-arty collection of the photographs that Andy Warhol takes obsessively of his friends and acquaintances who inhabit the shadowy half-world of the Manhattan night, a world in which celebrity has become an end in itself, all one needs to secure a place on the endless round of parties, night clubs and discotheques. Singers, film stars, transvestites, heiresses, millionaires, gigolos, politicians, make up the shifting but strangely consistent cast; and with his deadly little automatic camera, Warhol is their merciless observer and chronicler, self-appointed; deadpan, crypto-puritan, and always mocking, mocking.

Bianca Jagger: photographed by Andy Warhol

And, as though his battery of portraits were not indictment enough, he supplies his own commentary, confessing first of all his own terminal disability: "I have Social Disease. I have to go out every night. . . . How do you catch Social Disease? By kissing someone on both cheeks. . . . Socialites never shake hands. It hurts too much. . . . It's the bubonic plague of our time. . . ."

Then he starts on the people: "And no sooner had everybody kissed everybody on both cheeks and sat down, than who should show up but Bianca with Jack Ford. . . I introduced Bianca to the Duchess of Windsor, because Bianca had always admired her. And Bianca introduced us to Jack Ford. . . . After dinner, we all—but not the Duchess—went dancing at Le Jardin. . . . Some boy came up to Jack to ask him to dance. Jack had no idea what to do. I guess Shirley Temple Black, Ford's Chief of Protocol, never told him the proper way for a President's son to behave in a gay bar. . . . We went down to Washington on the Metroliner and checked into a real dump. . . . We found Bianca in her hairdresser's room, getting ready to go to the White House. (He was) taking Polaroids to make sure Bianca was photogenic."

"One of the best times I had at Diana Vreeland's was with the Duchess of Windsor. It was the first time I met the Duchess. I brought her a little flower painting. She thought it was a box of candy and kept trying to open it. I didn't know what to say or do, as usual. Diana's upstairs neighbour, Kitty Miller . . . was also there. . . . For three solid hours the Duchess, Diana and Kitty said 'gay' every other adjective and never once meant homosexual . . . (Diana) was on the beach in France, sunbathing with Gary Cooper, when the King of Spain landed."

"I think the best family in the world is the Kennedy-Onassis-Bouvier-Beale-Radziwill family . . . They're like a soap opera—every day you open the papers and get a new installment. Actually you don't even have to open the paper because they always make page one. 'Maria Shriver Dates Arnold Schwarzenegger' . . . 'John Kennedy Takes Apartment in Boston.' Joan is my favourite Kennedy, because once I sat next to her at dinner in Washington, and she invited me to mass the next day . . . John has really grown up to be a glamour boy. He hates being called John John now and punches paparizzi on the nose just like Marlon Brando . . . (Caroline) was the belle of the ball at the party Lady Anne Lambton gave when my philosophy book, 'From A to B and Back Again,' was published in England . . . And her mother wanted her to come home because of that party. But Caroline just danced all night. She didn't do anything wrong. It was just a kids' party. I ran into Jackie in New York after that. She said to me, 'Thank you for taking such good care of Caroline in London.' I wasn't sure what she meant."

Andy Warhol's Exposures is a fascinating, hilarious, appalling book, and in its weird way a considerable social document.

New York City Opera

Silverlake

by WILLIAM WEAVER

The programme of the New York City Opera refers to its newly revived *Silverlake* as "this nearly forgotten Kurt Weillopera." It is not quite that. In 1933 Weill wrote 16 numbers for a long play, *Silbersee*, by Georg Kaiser, with whom he had already collaborated for *Der Protagonist* and *Der Zar lässt sich photographieren* in the mid-twenties. *Silbersee* opened—in Leipzig, Magdeburg and Erfurt simultaneously—on February 18, 1933, less than three weeks after Hitler was made Chancellor of the Third Reich and nine days before the burning of the Reichstag. Despite the play's success, it was closed on March 4; and on March 21 Weill and his wife Lotte Lenya fled Germany.

Since 1933 *Silbersee* has been neglected, for a number of reasons (one of them, apparently, the reluctance of Kaiser's heirs to allow any adaptation of the long play). But now, the obstacles have been overcome, and at the State Theater here, the City Opera is presenting a fascinating, moving adaptation of the work, now much closer to an opera than it was in 1933. For Kaiser's "winter's tale," as he called it, has been abridged and streamlined for this production by Hugh Wheeler, author of the books for several Broadway hits, including *Sweeney Todd* (shortly to be seen in London). And the Weill specialist Lys Symonette, musicologist and head of the Kurt Weill Institute, has dug out and arranged obscure bits of Weill incidental music (for such works as Strindberg's *Gustav III* and Feuchtwanger's *The Island of oil*) and added them to the score; as a result, there is music through nearly all of this *Silverlake*, as the singers, when not singing, speak over Weill's music.

And then, of course, there are the songs. Lenya recorded two of them—"Fennimore's Lied" and "Caesar's Death"—years ago, but there are a number of others, less familiar (including the bitter-comic "Tiger duet"), and they represent Weill at his spare, incisive best (there will be an "original cast" recording of the work in the near future).

Harold Prince, Broadway producer of *Sweeney Todd* and a whole series of precedent hits, approaches the Kaiser-Wheeler book and the Weill music with respect as well as imagination. There are marvellous gags where required, as in the Tiger duet mentioned above; at other times, the singers are allowed to stand still, while their music makes its effect. Prince is fortunate in his cast: the two main roles are taken by William Neill, a burly baritone, and the Broadway character-performer Joel Grey (who starred in *Cabaret*, another Prince hit). Elizabeth Hynes is a perfect Fennimore: blonde hair in tightly-marcelled waves, drab clothes, demure manner. She is an exquisite reproduction of one of those '30's movie heroines (Madge Evans? Sally Eilers?) who jerked many a tear. Her antagonist, in the role of Frau von Luber, is a grandly sinister, red-haired Elaine Bonazzi. The many small roles are strongly cast; Penny Orloff and Jane Shaulis, as a pair of cynical salesgirls, deserve a special mention.

The tale of *Silverlake* is disarmingly simple: some good poor people are pitted against some bad rich people (one of whom, a former police agent suddenly made a millionaire by a lottery win, goes over to the poor side).

The rich seem to win—they regain their castle—but the poor, in the end, are happier, because they listen to their hearts. Wheeler's words are tactful, appealing Lys Symonette has translated the lyrics with wit. If *Silverlake* does not have the savage force of *Dreigroschenoper* and *Mahagonny*, it has a delicacy and a wistfulness all its own, a quieter vitality.

Manuel Lutgenhorst, the designer, has created a landscape of mirrors and silvery trees, and a number of plexiglass panels that can be moved to form barriers or boxes, or can simply disappear. His costumes, too, are enjoyable to see. Larry Fuller has choreographed the movements of Gary Chryst, who mimes the role of Hunger, the symbolic figure who is present in the work from the beginning.

Julius Rudel, who first approached Prince with the idea of doing *Silverlake* at the City Opera, conducts a smooth, lively, coherent reading of the enriched score. The only defect—bad amplification—will no doubt be corrected in later performances.

Pop star's dress for Theatre Museum

Debbie Harry, the vocalist with the American band Blondie, has presented the Theatre Museum in London with the stage costume she wore on her recent British tour. It is a mini-dress cum romper suit, designed by Stephen Sprouse, in slippery, silk-look acrylic. It is coloured day-glo yellow, with wavy orange/pink stripes.

St. John's, Smith Square

Schola Cantorum

by FRANK DOBBINS

Last Friday's charity concert in aid of the Lourdes Sick Pilgrims' Fund marked the 10th anniversary of the foundation of the Schola Cantorum of Ampleforth Abbey under the direction of David Bowman. It also celebrated the 1500th anniversary of the birth of St. Benedict and this provided a unifying theme for a varied selection of plainsong and polyphony spanning many centuries. In the first half there was a quasi-liturgical alternation of plainsong propers for the Feast of St. Benedict sung by five men with Vaughan Williams' G-minor setting of the Ordinary sung by the 50-strong choir of pupils and teachers from Ampleforth School.

Vaughan Williams' Mass parallels his earlier *Fantasia on a Theme of Thomas Tallis* both in its scoring for double choir and solo quartet of singers and in its modal counterpoint enlivened by gentle cadential dissonance inspired by Tudor models. It also offers a restrained interpretation of the words placing greater emphasis on melodic attractions and textural contrasts. After a rather cold start the choir warmed well to a disciplined and well contrasted performance, although the trebles were somewhat strained in their upper reaches; and the solo voices rather green and tentative.

After the interval six polyphonic motets, mainly by 16th century masters, alternated with a plainsong Sequence and Offertory plus an organ solo by Bach included as an ecumenical gesture. The choir achieved a bright and varied dynamic in Palestrina's five-part psalm *Exsultate Deo* although the entries and ensemble were far from crisp. Such weaknesses were less apparent in Palestrina's simpler four part *Ego sum panis* and Vittoria's resonant *O Quam Gloriosum*. Peter Phillips' powerful *Hodie sanctus benedictus* provided the grand finale. The lower voices coped well with Gallus' *Honestum fecit* and the whole choir combined eloquently to illustrate the rich harmony of Stanford's *Beati quorum via*.

The youthful Chorale Variations *O Gott du frommer Gott* hardly represents the zenith of Bach's compositional mastery: the organist Andrew Wright showed his manual skill in responding to the work's technical demands, but his rather pedestrian and mechanical interpretation failed to relieve its tedium. The large audience, restive at this point, enthusiastically acclaimed the rest of the programme; and indeed the energetic director David Bowman can feel justly proud of the musical achievements of a school which can produce such a fine choir without a large number of choral scholarships to maintain the fine traditions of Catholic church music in "these days of liturgical experiment and uncertainty."

Book Review

An actor prepares

Double Bill
by Alec McCowen. Elm Tree Books. £7.95. 198 pages

There are certain actors, not many, and not necessarily in the ranks of the greatest, whom one always looks forward to meeting again on the stage. Such an actor is Alec McCowen, whose career to date spans the early days of the Royal Shakespeare Company (playing Fool to Scofield's Lear and Antipholus of Syracuse in the celebrated *Comedy of Errors*) to the middle years of the National (in *Equus* and *The Misanthrope*). There were years, too, in the West End of the 1950s and on television and in films.

Mr. McCowen can deliver lines with the articulated speed of an ack-ack gun. His voice hits the ear like a splash of dry Martini hits the throat. Sharp and refreshing. He is dapper, classless and bright. He was born in Tunbridge Wells 55 years ago. He has no baggage of background or overblown reputation to worry about. He is a very fine actor of incisive technical skill.

Of late, Mr. McCowen has started to write. After a touching account of his childhood in *Young Gemini*, he has now put between hard covers notes from his diary that are, in the main, composed around two of his most conspicuous stage triumphs. Just over ten years ago he broke through to comparative stardom as Hadrian VII at the Mermaid Theatre. More recently he performed, solo and from memory, the St. Mark's Gospel in the King James version. Both performances coincided with a time of personal crisis. In each case, we are not allowed to know what the crisis was. But in the most unpretentious and affecting manner, Mr. McCowen's unfussy accounts of his involvement in these shows reveal a man of inquisitive disposition and considerable humour.

The pages are a little too full of what the weather is like, what Mr. McCowen had for breakfast and how much to drink later on. But the more solid passages contain detailed accounts of preparation for a major performance, of his views of different sorts of directors (no names, no pack drill, except in the case of special favourites like Peter Dews and Vivian Matalon) and of the art of comedy as manifest in the work of Jack Benny, Sid Field and Max Miller.

His reflections on the state of the British stage are confined to his own place on it, explaining in full how he leapt the chasm from juvenile support to leading character actor, thanks to Hadrian. Lacking urbanity and an overall view of theatrical fashions, the book will not, perhaps, stand the test of time in the way that something like John Gielgud's *Stage Directions* will. But his humble exegesis of St. Mark is fascinating, and the overriding impression he leaves is of a solitary man of great dedication and with a capacity to enjoy life's simple pleasures. MICHAEL COVENEY

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Lessons of the strike

AS A CAUTIONARY tale for unions and managements alike the steel strike, which is at last within sight of resolution, should be remembered for many years. It would be hard to find another dispute that was so badly mishandled by both sides and that did so much harm to achieve so little. Lord Lever's proposal for an 11 per cent national pay increase, supplemented by a minimum guarantee of 4½ per cent to be earned from local productivity deals, is only 2½ per cent more than the sum offered by the British Steel Corporation nearly two months ago, and carries the same conditions.

Blunders

In the seven weeks since that offer was made many steel workers will have lost wages of £700 or more, to secure an extra pay increase of around £150 a year. But the BSC management has no cause for satisfaction on this score. For it is widely believed that a mere 13 per cent increase would have been sufficient to settle the dispute, had this sum been on offer before the strike began.

An exhaustive list of each side's blunders over the past three months would have to be as lengthy as it would be depressing. Both management and unions have emerged with little credit from this strike and both must share the blame for the damage which their industry has sustained—estimated by the BSC as a 10 to 12 per cent loss of market share, half of which will probably not be recovered, as many of BSC's customers seek permanently the security of dual sourcing of their steel requirements.

The damage done to the rest of British industry has been more diffuse. At a time when high interest rates and the strength of sterling are squeezing the whole manufacturing sector and weakening its export performance, it will be difficult to isolate the effect of the steel strike in the industrial production and trade figures that emerge over the next few months. But the fact that these figures would in any case have made gloomy reading only makes the additional pressure caused by the steel strike doubly unfortunate.

For this reason the Government, which is the one party to the dispute that could conceivably claim the outcome of the strike as a victory for its policies, can scarcely be satisfied with the length of time it has taken for its message to get across to the strikers. Nevertheless, there is a chance that the nation as a whole may ultimately draw some benefit from the steel strike if workers and employers in both the public and private sectors show a willingness to learn some of the positive lessons.

From the Government's point of view, some important principles have been established. A nationalised industry has been forced to bargain over wages on the same basis as private employers: a pay settlement must ultimately be determined by an industry's ability to earn the money it requires in the market. The policy of rigid cash limits has many unsatisfactory features. It acts much more rigorously on some industries than on others. It reproduces only a very rough reflection of the financial pressures which act on private commercial companies.

Unrealistic

For employers there are some lessons to be drawn even from the BSC's generally unimpressive bargaining performance. The opening offer, which appeared to be 2 per cent, was both unrealistic and ineptly presented. To have given the impression that all the industry's mistakes would have to be visited on the workforce within the course of a single year, with massive redundancies and a large cut in real wages was little short of provocative. On the other hand, once the management revised its offer during the course of the strike in January, it stuck fairly closely to it. In the latter part of the strike, firm commitment to what was genuinely very near the "final offer" paid off, with a settlement that the industry should be able to afford.

But the most important lesson of the strike is addressed to the unions. In the present atmosphere of industrial crisis in Britain, many workers will find that productivity improvements provide the only hope for increasing or even maintaining their living standards. It was argument about the productivity conditions, as much as about the size of the total offer, which kept the steelworkers out of work for three months. Their attempts to win an offer with "no strings" was doomed to failure. The time is past when productivity could be regarded as an optional extra which could be negotiated on top of the standard cost of living pay awards. The ability of unions and management in the steel industry to turn productivity agreements into results will determine whether the steel strike marks a new beginning, or the beginning of the end.

Communism and low growth

THE LATEST UN Economic Commission for Europe survey of economic developments in Eastern Europe and the Soviet Union paints a gloomy picture of the communist economies. Average economic growth rates throughout this huge and still largely under-developed area declined to around 2.4 per cent last year. This means virtually no growth at all when converted into the conventional western methods of calculation. Part of the problem last year was the harsh climatic conditions which paralysed the transport system, overstarined the energy supply network last winter and then inflicted a drought over large areas of central and eastern Europe in early summer.

Price mechanism

But the problems hacing Eastern Europe in the 1980s go far deeper than the transitory effects of a harsh winter, and this is now widely and openly recognised. It is part of the conventional wisdom in Eastern Europe that the resumption of faster economic growth depends on more efficient use of resources, greater productivity and a greater willingness to use the price mechanism as a means of allocating scarce resources with more rationality and efficiency.

Up to now, however, Eastern Europe has shown itself much less able to react quickly to changing economic circumstances than Western Europe and the capitalist world generally. This is mainly because of the stubborn rear-guard defence of ideologically sacred myths and sheer bureaucratic immobility.

One of the most stubbornly defended shibboleths used to be that which claimed that there could be neither inflation nor unemployment in a planned economy. In practice the centrally-planned economies enjoyed the doubtful benefit of formally fixed prices but suffered from queues, shortages, bottlenecks and feather-bedding on an enormous scale. The result has been lower living standards and the kind of black market parallel economy which develops whenever officially-imposed rigidities come into conflict with the basic desires of human beings.

But the problems go much deeper than that. Over the last decade the inefficient use of resources has brought the communist economies up against the physical limits to growth which would not have been reached for decades had their system been more efficient. This is particularly true in the energy sphere where the communist economies use twice or three times the amount of energy used in the West for a comparable output.

Now the margin for such inefficient use of resources has been drastically reduced. Even the Soviet Union, which under a more rational economic system ought by rights to count as one of the richest countries in the world, can no longer afford to waste resources on the colossal scale which it has done for the last 60 years. A major overhaul of the economic system is long overdue.

The first Communist country to accept the challenge was Yugoslavia over 15 years ago. It devolved greater power to enterprises, introduced market mechanisms, insisted that companies should be profitable and set off on a path of rapid economic growth—accompanied by both inflation and unemployment.

Exhortation

Czechoslovakia also tried, but was forced to give up after 1968, leaving Hungary, quietly and persistently to carry the torch of economic reform. Last week the reform policy was endorsed again by the Congress. The Hungarian model is being studied throughout Eastern Europe as a possible way out of the impasse into which the economies of Eastern Europe have been led by what is still an essentially Stalinist planning system. But the main stimulus for reform will have to come from the Soviet Union itself and on this front the ageing leadership seems capable of nothing more than exhortation.

Countdown to current cost accounting

BY BARRY RILEY

THE ERA of mandatory current cost accounting for listed UK companies, and various other large enterprises, will begin next year. It is laid down in the Accounting Standards Committee's Statement of Standard Accounting Practice No. 16, published yesterday, that current cost figures must be produced for accounting periods beginning on or after January 1, 1980.

This means that effectively current cost accounts will start to appear on a universal basis during the reporting season for calendar year companies publishing their 1980 results during the spring of next year.

If companies decline to observe the new standard—and considerable controversy still persists in some quarters—their accounts will be qualified in respect of a failure to observe standard UK accounting principles.

Only supplementary current cost accounts need be provided under SSAP 16, with the main statutory accounts being drawn up under traditional historical cost accounting principles. The supplementary statements must consist of a current cost profit and loss account, and at least a summarised current cost balance sheet.

One of the more surprising features of SSAP 16, however, is that it does provide that if companies are really keen on current cost accounting they may move straight to the adoption of current cost principles for their statutory accounts.

Accountants and lawyers are agreed that current cost accounts will fully conform to statutory requirements, although it will still be necessary to disclose historical cost information. This need not take the form of detailed supplementary historical cost accounts, however. According to SSAP 16, companies adopting current cost principles for the main accounts need only provide sufficient additional information "to enable the user to ascertain the profit of the period under existing historical cost conventions."

Roger Taylor

Mr. Tom Watts, chairman of the Accounting Standards Committee (right) and Mr. Douglas Morpeth, vice-chairman, launching the new current cost standard SSAP 16 at the Institute of Chartered Accountants yesterday.

Interminable debate

The publication of SSAP 16 marks the end of a long, turbulent struggle over inflation accounting which has embraced the worlds of accounting, business, politics and the capital markets. Even trade unions have on occasion been dragged into the interminable debate on what constitutes a proper measure of profit in a period of rising prices.

Early in the 1970s the accounting profession developed and almost implemented a standard based upon the adjustment of historical cost accounts for changes in the purchasing power of money. Then in 1973 the Government stepped in and set up the Sandilands Committee which in 1975 recommended a more radical system of current cost accounting.

The first attempt of the ASC to implement current cost methods failed ignominiously in 1977 when the exposure draft ED 18 was withdrawn. But the ASC staged a rescue act later that year with the introduction of the voluntary Hyde Guidelines. There followed a new exposure draft ED 24, which was shorter and less elaborate than ED 18 but incorporated important refinements in areas like gearing and monetary working capital. Except for minor changes, ED 24 has survived to become SSAP 16.

With inflation climbing to a probable peak of rather more than 20 per cent on a year-on-year basis in the near future the arrival of mandatory current cost accounting is well timed. But by the same token, 1980 is going to be a year in which current cost results will often be sharply worse than the figures presented on the normal historical cost basis.

Figures produced by stockbrokers Phillips and Drew suggest that whereas average current cost pre-tax figures for large listed UK companies in 1979 are likely to have been about 36 per cent worse than the historical cost results, the equivalent reduction in 1980 is likely to be more like 40-45 per cent.

More starkly, the brokers suggest that dividend cover (earnings to dividends), which looks so handsome for many companies before adjustments for cost of sales and extra depreciation are taken into account, will be down on average to 1.1 times on the basis of current cost calculations.

Put another way, this means that almost half of major companies (excluding oils and financials) may not be able to cover an unchanged dividend fully in 1980 in terms of current cost earnings.

But the impact of current cost accounting varies widely between different companies and different sectors of industry. The most vulnerable companies are those which employ large amounts of plant and equipment, and have big sums tied up in stocks and work in progress.

SSAP 16 is especially harsh to those companies which in any case achieve only a low historical cost return on capital. This is because the adjustments are related to the balance sheet rather than to the level of profits.

Pushed into losses

Consequently companies with a low level of historical cost profitability are often pushed into losses by the application of current cost principles. At the other extreme, highly profitable companies can absorb the adjustments with very little impact.

Service companies with little in the way of physical capital employed also tend to be little affected by the change. So do operations like supermarkets which gain extensive trade credit from suppliers and so effectively have very little tied up in net working capital.

The implications are clear in a list of stock market sectors drawn up by stockbrokers W. Greenwell. Worst effected are some of the manufacturing sectors like textiles, motors and distributors and metals and metal forming. At the other end of the scale the pre-tax profits of insurance brokers are only trimmed by about a tenth, and stores and food retailers are also relatively unscathed.

Many companies have already published current cost results on a voluntary basis, but it is not clear to what extent they are taken seriously either by managements or shareholders. Recently, for instance, a number of manufacturing companies have been maintaining or increasing their dividends despite the grim trend indicated by current cost earnings.

Companies and other entities like nationalised industries have also been able to be highly selective in their approach. Thus, BL has consistently refused to produce current cost data, though the profitable Ford UK has emphasised it strongly. The Big Four clearing banks have given great prominence to current cost figures this year, at a time when there has been criticism of the high level of their historical cost profits. Their current cost profits have turned out to be nearly two-fifths lower at the pre-tax level.

Among the nationalised industries, the British Gas Corporation has enthusiastically embraced current cost accounting, adopting a version of it for the main accounts. British Gas is, of course, extremely profitable. Loss-making public corporations like British Steel, on the other hand, have been notably more reluctant to move in the same direction.

The new standard takes something of an initiative over nationalised industry reporting. It is accepted that no gearing adjustment need be made in their profit and loss accounts because of the special nature of their capital structures. On the other hand, it is required that net interest should be charged after taxation and extraordinary items. The argument is that interest in such cases is more in the nature of a distribution than a charge, and should therefore not be used to reduce pre-tax profits.

For companies, too, flexibility is reduced by the introduction of SSAP 16. They cannot pick and choose whether or not to publish current cost figures according to whether it suits them. On the other hand, comparability could begin to be eroded if many companies take advantage of the option to go over to current cost methods for the main accounts.

The role of the auditors in implementing SSAP 16 has not yet been finally decided. But they have a statutory duty to decide whether a company's main accounts give a "true and fair" view. What they will need to avoid is any suggestion that the two profit figures normally contained in the annual report both represent "true and fair" views.

The problem of how two different figures can both be right is one that has dogged the inflation accounting debate from the beginning. In the event, auditors appear to be moving towards a compromise whereby the main accounts (whether historical cost or current cost) will be assessed on a true and fair view basis, according to whichever principles have been applied, while the supplementary accounts will be examined and will be declared to have been "properly prepared."

It is now more than seven years since the first UK inflation accounting exposure draft was issued, and the delays have meant that the UK is not the first major country (outside South America) to develop a standard practice in this area. Ironically the United States, for so long a bastion of historical cost principles, got in first with the accounting standard FAS 33 which was published last September.

Reflection of power

The ability of the Americans to move fast reflects the powerful role of the Securities and Exchange Commission relative to the accounting profession. But FAS 33 is very much of a stop-gap production, embracing both general purchasing power and current cost principles. Moreover it applies only to the largest companies, those with $1bn of total assets or $125m of stocks and fixed assets.

In the UK, members of the ASC hope that some of the arguments associated with inflation accounting will die down when the standard goes into operation. But they could prove optimistic in this, because it is a subject that can generate endless controversy.

Conflict of interests

This is because inflation adjustments make it necessary to go right to the heart of accounting theory. Traditional methods were established when the capital maintenance concept was tailored to the needs of shareholders. In modern conditions, however, the influence of the shareholder has declined and other interests, notably those of managers and employees, have come to the fore.

Traditionally, shareholders want a company to show a high profit in order to maximise dividends and the share price. But managers may well prefer a capital maintenance concept which generates a lower figure for profit, and may therefore reduce the demands of employees and the tax man. Internally, companies may require still different systems for performance measurement.

In all this, the problem of measurement has become mixed up with the problem of what it is that accounting is supposed to be measuring in the first place. So long as there continue to be shifts in the relationship between shareholders, managers, employees and the Government, the interaction will generate a spirited debate.

PRE-TAX PROFITS—WINNERS AND LOSERS

Difference between SSAP 16 and published historical cost figures

Least affected companies	% change	Worst affected companies	% change
ICL	+2	Carrington Viyella	−189
GUS	−2	Johnson and Firth Brown	−144
Kwik Save Discount	−3	Courtaulds	−88
MFI	−5	Tube Investments	−78
Marks and Spencer	−6	Ransome Hoffman Pollard	−76
Associated Dairies	−7	Tate and Lyle	−75
Blue Circle Industries	−8	Associated Engineering	−70
Mothercare	−10	Westland	−70

Source: W. Greenwell and Co.

History of inflation accounting in the U.K.

1973, January	Accounting Standards Committee publishes ED 8 on current purchasing power method.
1973, July	Government sets up the Sandilands Committee.
1974, May	ASC publishes provisional standard PSSAP 7.
1975, September	Report of Sandilands Committee.
1976, December	Inflation Accounting Steering Group launches ED 18.
1977, June	Vote of members of Institute of Chartered Accountants rejects compulsory CCA.
1977, November	ASC proposes Hyde Guidelines.
1979, April	Publication of ED 24.
1980, March	Approval of new standard SSAP 16.

MEN AND MATTERS

Grade sets off TV time bomb

A brotherly squabble seems to be developing between Lords Grade and Delfont, who have U.S. interests in common, but are rivals in Britain. "I do not consult my brother about my business," Lord Grade told me pointedly yesterday.

At issue is the decision of Grade's Associated Communications Corporation to release ACC films for TV transmission within three years of their first cinema release. This flies in the face of a recent decision by members of the Cinematograph Exhibitors' Association to delay TV transmissions for at least five years, an arrangement which, though much breached in practice, has been in force for the last 16 years.

Lord Delfont, chief executive of EMI, says: "I wouldn't be against three years provided we get better value for the films from the TV companies. I have always said that they never pay us enough, though they are now paying respectable figures . . . I'm in an awkward situation. I don't want to go against our own association. I think my brother is gambling on the CEA changing its mind, and I would rather we arrived at an agreement on three years than have the whole system break down."

The CEA takes a more strident line. Following a meeting yesterday of its Films on TV committee, a high-powered delegation is seeking an audience with Lord Grade. "The greatest sufferers," says CEA director Bob Camplin, "will be the independent exhibitors."

Among these, one might suppose, are chains like Classic, which shows many second-time-round films, and happens to fall within Lord Grade's ACC empire. "Do you think I would be spending hundreds of millions of dollars on films and damaging my own interests," Lord Grade demanded of me. "Any decent film gets its money in the first two years," he went on. "Then it's just on the shelf and the producer gets nothing."

"Perhaps we should shout 'April Fool' and carry on with the strike?"

Anyone can come and talk to him, he says, but he is not going to change his mind.

By following the example of France, and more particularly of the U.S. (where many films appear on TV within 18 months) Lord Grade says he will be fulfilling "my sole aim," namely giving employment to people in the film industry. Moreover, he insists, his initiative will limit the practice of filling television time with "84 repeats."

Tenants wanted

At the end of this month there will be what the Bank of England describes as a "quiet little ceremony" when Governor Gordon Richardson opens a smart new office block in the centre of Glasgow — the result of an ambitious redevelopment of the bank's Scottish branch.

The bank is not talking about the cost of the project—perhaps understandably, since for a few months at least there will be very little activity behind the glossy new facade.

Government's abrupt abolition of exchange controls robbed the Glasgow office of its principal raison d'être since it was set up 40 years ago. Nearly two-thirds of its banking staff has had to be paid off or found other jobs in Threadneedle Street, and soon after the official opening the search will begin for a tenant for one of the three floors of the new block originally intended to house the newly-departed.

The bank is saved the embarrassment of having no work at all for the bureau by the fact that it had already announced plans to move its Scottish note issuing department from Newcastle to Glasgow. It will, however, be summer before that can be done.

Sweet truth

"Hell's teeth," said Ronald Aitken, "it almost made me look as though I had my hand in the till." He had just been reading a report of his departure from chartered accountants Binder Hamlyn which noted incidentally his role as special adviser to man of the moment, Nelson Bunker Hunt.

Speaking from his holiday hideaway in Cornwall, Aitken pointed out that his departure and the Hunt affair were totally unrelated. Hunt's involvement in the futures business was run very much by the man himself, while Aitken's association goes no further than providing advice on the frustration of Hunt's ambitions in Libyan oil activities.

Aitken gave up his Binder Hamlyn partnership because he felt his directorships (they numbered 72 at the last count) were no longer compatible with his interest in an audit-oriented firm, as he puts it.

His most pressing current interest lies far from the world of international accountancy—even further from the global affairs of Hunt—in his job as chairman of Barker and Dobson, where, as he says, "things are difficult at the moment. Nobody's eating boiled sweets."

Ledger merger

Daily movements in the price of hand-picked Alexandrian senna pods or Quillandy coir may not be everyone's cup of tea, but they are meat and drink to that select band which daily scours The Public Ledger for word of swings in world commodity markets. From this morning, readers will also be able to keep in touch with the cost of shipping these and other less esoteric raw materials around the world, as a result of the merger of the matronly Ledger with its younger sister paper Daily Freight Register, which documents international tramp shipping.

Director Warwick Hardaker tells me the reason for the "marriage" was not circulation difficulties — even though the two together sold only 5,000 a day — but the good sense of merging editorial staffs of papers whose interests were tending increasingly to overlap. It must be said, however, that the ascendency of Lloyd's List among shipping readers has not helped the Register bump its circulation beyond a lowly 1,500-odd.

As befits its age, going on 220 years, the Public Ledger's title remains on the masthead with little sister, born in 193, relegated to smaller type beneath. At least it has not gone the way of past Ledger acquisitions and been demoted to the small print on the back page along with Broomhall's Corn Trade News and Beerbohm's List.

In suspense

Still in the world of odd commodities, could I ask readers for help in tracing the origin of an admirable advertisement for the British hemp processing industry, found in a book of Turkish proverbs by my Ankara colleague. "If you are going to hang yourself," the saying goes, "use British rope."

هكذا من الأصل

A New York challenge to Lloyd's

BY DAVID LASCELLES IN NEW YORK

WITH THE snip of a ribbon at the entrance to a large, brightly lit room a few hundred yards north of Wall Street, the long-mooted New York Insurance Exchange finally opened for business at 9 a.m. yesterday.

A host of luminaries from the U.S. insurance business were present for the occasion. Also on hand to size up the competition were representatives from Lloyd's of London.

No one makes any bones of the fact that this new venture is modelled on the 300-year-old British institution. At its heart is a large trading floor with "boxes" where underwriters sit and quote on risks presented to them by circulating brokers. In these days of high speed electronic communication, it may seem unnecessary to reconstruct a market-place like this. But the Exchange's sponsors argue that the Lloyd's system works and they have no wish to re-invent the wheel.

The Exchange will follow Lloyd's in other respects: it will consist of both underwriting and broker members, and will be largely self-regulating. Membership will also be open to outsiders who have no experience of insurance but want to invest in the business.

But this being America, the Exchange will also differ from the Lloyd's model in two key respects: it will allow both corporate and individual membership (Lloyd's admits only individuals), and it will hold underwriters responsible only for the capital they put up (Lloyd's holds members liable down to their last penny). Because of this the new Exchange's capital requirements are a lot higher than Lloyd's: several million dollars (depending on the type of insurance done).

The Exchange will also have a guarantee fund to bail out members who go broke.

But though Lloyd's can feel deeply flattered by this emulation, the real question is whether the world insurance business should welcome this development. Will it bring new capacity to a market which foresees the time in the not too distant future where there will be a capacity crunch? Or will it simply redirect existing business through new channels, harming Lloyd's in the process?

For a start, the New York venture should not be dismissed (as some people have done) as a petulant response by Wall Street to Lloyd's centuries-old dominance of the world insurance market. Although the Exchange will doubtless have small beginnings, it has a lot going for it. The U.S. insurance business has long hankered after its own exchange, for at least three reasons. One is the desire to shake off the regulatory shackles that constrict insurance in the U.S. (particularly New York State) and deal in a market where the forces of demand and supply have free play. Another is to provide a focus for the industry, and the third is to "repatriate" a lot of the business that currently goes to Lloyd's.

Mr. Richard Purnell, chairman of Johnson and Higgins, one of the largest broking firms in the U.S., estimates that in the next three to five years the Exchange will attract back about 15-20 per cent of the premium income the U.S. currently sells abroad.

No one expects the Exchange to be an overnight success: Most of its founder members say they are there for the long haul, 10, even 20 years. Even so, the birth of the Exchange has not gone as smoothly as its sponsors hoped. For one thing, the Exchange has turned out to be much more tightly regulated than its members wanted, mainly because the state insurance authorities have stuck by their responsibility to "protect the consumer," and ensure at the same time that the Exchange does not grab too much business from the rest of the insurance industry. Because of this, all New York's voluminous insurance laws apply to the Exchange, unless specifically excluded, and only exceptional types of insurance may be conducted there: re-insurance (the "laying-off" of insurance by primary companies), foreign risks, and risks which have been refused elsewhere first.

Apart from reinsurance, these are meagre pickings, and they may explain why the founding membership is somewhat slimmer than hoped: 17 underwriting members (against 20 planned) and 40 broking members. Also, a recent survey of broker members by the Exchange suggested that it would do only about $40m business in its first year, compared to over $150m forecast at the planning stage.

However, the biggest handicap the Exchange suffers is an unclear tax status. The Internal Revenue Service has yet to decide whether it will allow individual or partner members to use advantageous insurance accounting methods. And until it does, it is extremely unlikely that the Exchange will attract entrants from outside the insurance field, something that Lloyd's has done quite successfully. At the moment, all underwriting members are insurance companies whose tax status is clear: this means the Exchange has yet to bring any genuinely new capacity to the insurance business.

Nevertheless, Wall Street, always on the lookout for new investment opportunities, is watching closely, and a favourable IRS ruling could swiftly remedy that deficiency.

If all goes well, Wall Street observers see the day when brokerage houses will add the Exchange to the range of investment "products" they already offer.

Mr. Vincent Learson, chairman of the board of governors, cuts the ribbon to open the New York Insurance Exchange.

Cool response to transatlantic rival

BY JOHN MOORE

"EVERYBODY got frightfully hot under the collar two years ago," mused one senior insurance broker on the initial reaction of Lloyd's of London to the New York Insurance Exchange.

At that time there were dismissive murmurs from within the Lloyd's establishment that one of the main reasons advanced for the launching of an Exchange—that it would create more jobs—did not justify the starting-up of a Lloyd's-style operation.

But as it dawned on Lloyd's that the Americans were serious in their intentions (particularly after Lloyd's established a protectionist rule which effectively prevented those insurance interests outside the Lloyd's market, including the Americans, from normally holding more than 20 per cent of the equity of approved Lloyd's insurance brokers) the attitude of Lloyd's softened.

Last week Mr. Peter Green, the new chairman of Lloyd's, said that the Lloyd's market expressed "the wish that in the months and years to come these two insurance exchanges may find many occasions to work together in friendly co-operation."

As a practical gesture towards the establishment of the New York Insurance Exchange Lloyd's is to allow its members to participate in the Exchange. But if they do so, they will not be able to use the wealth which they have to commit to the Lloyd's operations.

Already several major UK insurance brokers with large Lloyd's interests are seeking a close involvement with the New York Insurance Exchange in an effort to forge closer links with the U.S. market, which produces nearly half of the world's insurance premiums of $300bn (including life insurance premiums). But London does have reservations about the U.S. Exchange, which is expected to get off to a slow start.

Insurance specialists maintain that it is far from clear what sort of business the new market will attract or accept, but that it should have no problem in picking up the hard-to-place insurances. They also argue that the new market represents "innocent capacity," with no experience of major losses.

There are also worries in London that little evidence of a sturdy administrative infrastructure has so far emerged at the New York Exchange. Lloyd's people point to their own highly developed structure as one of the underlying strengths of the market although the Americans would contend that Lloyd's systems have been tested by a spate of troubles.

Meanwhile the Americans are trying to build up the expertise of their Exchange. Since January a stream of advertisements have appeared in the insurance trade press in the UK seeking underwriters.

Underwriters with experience in Lloyd's or the London fringe company market are being sought. Deputy underwriters are being offered twice what they might earn in Lloyd's while senior underwriters can ask their price.

But even if the new Exchange gains the expertise it needs, there are already too many insurance markets chasing business. Competition is intense and premium rates are under constant pressure.

The capacity of the new Exchange is far smaller than Lloyd's total capacity of $4.5bn. But, in view of the unfavourable trading climate, Lloyd's is eager to spell out that it is anxious to co-operate with the new market rather than compete against it.

IN THE article on Nationalised Industries on Page 22 of last Friday's Financial Times, the figure for Post Office investment should have read £1bn, instead of £500m. The figure for coal, shipbuilding and steel losses should have read £500m, instead of £1bn. British Rail's capital expenditure should have read £277m, instead of £27m.

Letters to the Editor

Manning in steel

From Mr. M. Godfrey

Sir,—Your correspondent, Mr. Richard Hindson, drew attention to the performance of the Canadian steel company, DOFASCO, in producing 4m tons/year of ingots and castings with 13,700 employees. It is his conjecture that the British Steel Corporation should require 50,000 employees or less to produce 15m tons/year. This, he claims, would mean reducing BSC's total manpower by two-thirds from its present 150,000.

Unfortunately Mr. Hindson is not comparing like with like. BSC produces finished steel products such as plates, beams and strip steel, all of which are made from ingots. In 1978 BSC employed some 106,000 producing finished products and only some 50,000 in producing ingots and castings. In that year BSC produced 17.4m tonnes (17.1m tons) of ingots and castings.

BSC should therefore require 44,000 employees to produce 15m tons or 11,700 employees to produce 4m tons. It is quite obvious that, compared with British Steel DOFASCO is overmanned. Yet it is making a profit while BSC is making huge losses.

This demonstrates the folly of comparing productivity between companies, both nationally and internationally. The crucial factor is the difference between the ultimate cost of the product and the price that it can be sold for. The international steel market regulates the selling price of steel so companies must look for an edge over their competitors by keeping costs down. Over the last decade BSC has had the advantage of labour costs considerably less than its major competitors. Yet a profligate management has hoisted other costs far above those of their competitors. The result has been shrinking sales at home and abroad—all of which has been blamed on the workforce. This blame has been forcefully rejected. An inquiry is required to determine exactly where the fault lies. There cannot be industrial peace without it.

M. Godfrey
(Area Strike Committee, ISTC No. 2 Division),
Drinkwater House,
210-212, Marton Road,
Middlesbrough, Cleveland.

Benefits for children

From the Director, Child Poverty Action Group

Sir,—The Financial Times has done an excellent job, both before and after the Budget, in making the case for the restoration of the real value of child benefit. The 75p increase, which represents a cut of nine per cent in the benefit's real value, is a blow for families with children. As the Treasury's own figures, which have so far been ignored, show, the percentage increase in net income in 1980/81 for a childless couple earning £5,000 in 1979/80 will be 1.0 percentage points more than that for the same couple with two children and at £8,000 the difference is 1.4 percentage points in favour of the childless couple. So much for giving priority to families with children.

The Government's social security package also betrays a clear strategy aimed at increasing dependence on means-tested benefits. This is most obvious in the decision to cut the real value of unemployment and sickness benefit and to abolish the earnings-related supplement. The Government estimates that this will push a further 110,000 on to supplementary benefit although the figures will probably be higher as unemployment increases. Invalidity benefit will also be cut in real terms — by £3.35 for a couple with two children. But most of this group will not be able to make up the loss by claiming means-tested assistance. These changes are profoundly disturbing as they mark a clear reversal of past commitments to a welfare state which, as Beveridge promised, would provide "security against want without a means test."

Ruth Lister,
1, Macklin Street,
Drury Lane, WC2.

Travelling to work

From Mr. T. Stevens

Sir,—I refer to Mr. Dangoor's letter (March 18). Your correspondent evidently owns a fold-away car since no reference is made to the cost of parking it during the day.

For a modest outlay of around £200 he could buy an excellent bicycle, don some old clothes and while doing himself good, physically, he would pay for it in saved tube fares in less than half a year, avoid adding to the already congested roads, and probably arrive sooner than if he was travelling by tube or car—his journey of 14 miles should take him about 1 hour.

If your correspondent and all of your readers who do drive to work continue to use this method, please could they try to remember to leave a modest gap between themselves and the kerb—to allow the bicyclists through.

T. A. Stevens.
Marr-Johnson and Stevens,
14, Bolton Street,
Mayfair W1.

Solution to commuting

From Mr. A. Kay

Sir,—We have studied your news item suggesting tax allowances for commuters (Westminster Chamber of Commerce, March 7) and readers' letters on the same subject. We should like to propose a radically different type of solution which may appear difficult at first sight but which, if adopted, would reduce costs and make life easier for both the individual and the community.

At present the average London commuter may spend 12½ hours a week travelling in order to perform 36 hours' work, i.e., travel time represents 25 per cent of "away-from-home time" and travel cost almost a similar proportion of after-tax income for the lower paid. Now if the work pattern could be changed from a five-day to a rotating four-day 36-hour week, the following benefits would result: The commuters' expenditure on travel would be immediately reduced by one-fifth; a one-in-five reduction in passengers and peak vehicle requirement would alleviate crew shortages and have a dramatic effect on the costs of the transport undertakings. This should permit them to provide a speedier service at lower fares, thus further reinforcing the benefits listed above; and the combination of the speedier service and the four-day week would significantly decrease the proportion of "away-from-home time."

Most businesses could adapt to the new situation by arranging for people who must work closely together to attend on the same days. In other the State Basic Pension problems out of staff cover would probably be neutralised by the spread of custom throughout the longer hours of opening. In a few instances problems might be too severe to permit adoption of the new system to its full extent. Nevertheless, its contribution to improving utilisation of resources and reducing hardship is surely worth considering.

There have already been forecasts that by the year 2000 half of us will be working from our homes; this proposal only starts to launch us in the inevitable direction.

Alan Kay,
Transport Strategy Research.
Park House,
25, Sq. Vergote,
1040 Brussels, Belgium.

Adjustment of pensions

From the President,
The Society of Pension Consultants

Sir,—The two letters of March 27—Adjustment of pensions and The French Way—have an unreality which cannot be disregarded by your readers. The tenor of that unreality is to suggest the "pay as you go" (PAYG) system as the panacea for our pension problems. The naivety of Mr. Webb Ware's letter is compounded by the apparent justification as evidenced by the French system. Mr. Street in propounding that system is however regrettably short on current facts.

Mr. Webb Ware is one of the growing number of the misguided who seem to believe that as long as you do not have to face up to the cost of something, then that cost is irrelevant. The cost is there whether the system used to finance it is the current payment method (i.e., the present generation funding its own benefits out of its own earning capacity) or the deferred payment method (i.e., leaving it all to our grandchildren in the hope that they will foot our bills for us).

When your correspondent says that "pensions cannot be funded to keep pace" does he not realise that what he is in fact saying is "that this generation cannot afford this level of provision." Why should we then suppose that future generations will take a different view?

It is good to see, on your other pages, realism being brought home to us all by the Chancellor who is one at least facing up to the challenge of providing that which can be afforded within the availability of finite resources.

Mr. Webb Ware conveniently chooses points to make his case in, for instance referring to retirement on something like half pay. He has conveniently overlooked the retirement cash payment which goes with public service pensions and with many private sector pensions and is a part of the totality of the retirement provision. When properly adding back the pension value of that retirement benefit and taking account of that State Basic Pension provision he will find in many cases that the answer comes to nearer 100 per cent of pay than to 50 per cent of pay.

He is being more financially realistic when he suggests (as I think he does) that current earners might give up some of their wage increases to finance current pensioners. But the conclusion drawn therefrom by him is entirely fallacious. That has nothing whatsoever to do with the question of funding or PAYG. There are many systems for redistributing income. Also the facile conclusion from his suggested redistributive exercise does not work quite so easily as he supposes where the current labour force is shrinking. He uses a particularly poor example when referring to the Post Office. The advance of technology is I would suggest most pronounced in the area of communications. Your correspondent may like to do some very interesting sums in measuring the effects of his redistribution where the ratio of current earners to pensioners is a progressively adverse one. He will find the answers most illuminating—and equally pretty unacceptable to the current band of Post Office workers I would think.

If the intention of your correspondent is to undermine the concept of funding, he would do well to study the actual figures rather than pose a provocative question and draw a conclusion therefrom in respect of only one side of the argument. He asks if the asset value of funds has kept pace with inflation. The evidence is there for him to see if he cares to take the trouble to do so. Certainly, returns up to the end of 1979 indicate that pension funds are beating inflation. Also, there have been real rates of return in all but five of the last 25 years.

If inflation is such that funded schemes cannot live with it, it must be equally realised that neither can PAYG. A lesson now being learned in France but not mentioned by Mr. Street who is either blissfully unaware of the latest "AGIRC's" yearly accounts or if aware of them chooses to ignore them. If he studies them with some care he will find that the French ratio of income to outgo is falling to such an extent that remedial counteracting action is now being taken to overcome concern over their current financial difficulties. Mr. Street should know that a young Frenchman's expectation is likely to be disappointed unless there is a sizeable increase in contribution rates! Also, he should be aware that the French system was established on a very favourable demographic situation now deteriorating so that over the next 30 years it will be impossible to maintain the current contributions/benefits relationship.

The Chancellor spelt out clearly the "lesson to be learned." Rather than eulogising the indiscipline of the PAYG system with its in-built "cost plus" mentality, it is far better that we, as a community, look to the financial disciplines inherent in funding and see what it is that we can really afford to provide for ourselves.

D. C. Bandey.
Metropolitan House,
Northgate,
Chichester, Sussex.

Today's Events

GENERAL

UK: Mrs. Sally Oppenheim, Consumer Affairs Minister, addresses Drapers' Chamber of Trade lunch, Cafe Royal.

National dockers delegate conference to discuss stoppage on Merseyside.

Financial Times' international sweetener and alcohol conference—the future of sugar, opens at Grosvenor House, W1 (until April 3).

Statement on future of Leyland National factory, Workington.

Inaugural Air UK flight to Guernsey.

Two-day conference opens on fuel economy in the airlines, Royal Aeronautical Society.

Institute of Marine Engineers' two-day conference opens on ship repairs, South Shields.

Design Council Awards for 1980.

Sir Peter Gadsden, Lord Mayor of London, dines with the Actuaries' Company, Mansion House.

Overseas: Leaders of African front-line states meet in Lusaka to discuss economic future when Rhodesia becomes independent.

Budget day, Nigeria.

Prince Mikasa, youngest brother of the Emperor Hirohito of Japan, starts 11-day visit to Jordan and Syria.

PARLIAMENTARY BUSINESS

House of Commons: Conclusion of Budget debate. Consideration of Lords Amendments to the Competition Bill.

House of Lords: Highlands and Islands Air Services Bill, third reading. Social Security Bill, second reading. Motions to approve Shipbuilding (Redundancy) Payments Scheme (Great Britain) (Amendment) Order 1980. Shipbuilding (Redundancy) Payments Scheme (Northern Ireland) (Amendment) Order 1980. Debate on National Service.

Select Committee: Environment. Subect: Council House Sales Inquiry. Witnesses: London Borough of Southwark. Room 16, 4.15 pm.

COMPANY MEETINGS

Carrington Viyella, Cafe Royal, Regent Street, W. 12. Derek Crouch, Great Northern Hotel, Peterborough, 12. English and New York Trust, 20, Fenchurch Street, EC, 3.45. Foreign and Colonial Investment Trust, 1/2 Lawrence Pountney Hill, EC, 12.30. London and Lomond Investment Trust, 2, St. Mary Axe, EC, 12. Romai Tea, Sir John Lyon House, 5 High Timber Street, EC, 3. Williamson Tea, Sir John Lyon House, 5, High Timber Street, EC, 12.

Booker McConnell edges ahead 1% at year end

AS ANTICIPATED at the interim stage, in the second six months of 1979 **Booker McConnell** recovered the marginal first-half profits shortfall of £0.39m, but with trading conditions more difficult than expected, the year's attributable pre-tax surplus emerged only 1 per cent ahead at £21.79m, compared with £21.59m.

External turnover of the international food, engineering and trading group reached £669.9m (£587.7m) for the year. Trading was affected by high interest rates, industrial strikes and the strength of sterling, and the engineering divisions profits fell by 36 per cent although the rest of the group increased its performance by 23 per cent.

Food distribution made an encouraging recovery and early in 1980 Kearley and Tonge was acquired which brings in another £150m of wholesale food sales.

A divisional breakdown of the attributable pre-tax profits shows (in £000s): engineering 5,883 (9,205), food distribution 4,326 (3,342), spirits and liqueurs 2,537 (2,266), health products and pharmacies 2,547 (2,194), overseas trading 1,348 (743), shipping 1,337 (1,225), agriculture 1,000 (1,034), authors 1,218 (915) and parent company 1,593 (665).

Mr. Michael Caine, the chairman, says that although competition will be hard in 1980, the group's businesses have strong management and many operate in markets which will have real growth in the future.

After a much lower than expected tax charge, stated earnings per 50p share rose 13 per cent from 54.81p to 62.05p. A final dividend of 7.5p lifts the net total by 58 per cent to 12.5p (7.902p).

It is proposed to divide each ordinary 50p share into two shares of 25p each and then issue two new fully paid ordinary 25p shares for each existing 50p share held. The effect will be to quadruple the equity.

	1979 £000	1978 £000
External turnover	669,905	587,675
Depreciation	7,686	6,237
Interest	3,874	1,485
Surplus on prop. disposal	1,722	274
Profit before tax	25,008	24,509
Minority interests	3,219	2,920
Attrib. pre-tax profit	21,789	21,589
Taxation	2,406	4,539
Net profit	19,383	17,050
Pref. dividends	25	25
Earnings	19,358	17,025
Extraord. deficit*	2,187	13,115
Available	17,171	20,140
Ord. dividends	3,902	2,479
To reserves	13,269	17,661

* Comprises £15,000 (£420,000) surplus on disposal of investments and property; £1.26m (£369,000) exchange deficit; £924,000 (nil) termination costs in respect of discontinued business; nil (£2.27m) surplus on realisation of Guyana assets; £15,000 deficit (£918,000 surplus) on other items. † Surplus.

The Board is also proposing the extension until 1990 of the existing share option scheme for executives and the introduction of a SAYE share option scheme.

● comment

Stripping out the £1.7m profit on property disposal, Booker's profits are slightly down in 1979. Clearly the engineering division is to blame, although shortage of contracts is a factor as well as strikes. Net debt has risen sharply, from £10m to £37m, and must have increased further since the year-end with the £10m Kearley and Tonge acquisition and Booker's U.S. search for the perfect turkey. Although the company can probably claw back some cash from its swollen working capital, interest charges will be up in 1980, and there is a question mark over the food distribution business, as food price inflation is lagging behind costs. To compensate for this dull profits picture, there is a yield of nearly 8 per cent at 233p after the sharp hike in the final dividend—to 7.5p against a forecast of 6p—which suggests perhaps that Booker is thinking of using its paper.

HIGHLIGHTS

Lex looks at the latest figures from Ocean Transport and Trading which has maintained its gross dividend and, stripping out the swings and roundabouts of ship sales, has produced profits £1.2m higher at £16.2m. Glynwed has reported a 16 per cent rise in pre-tax profits to £18.7m thanks to a strong performance from copper tubing. On the mail order front the figures from Freemans reveal tough conditions with a drop in second half volume resulting in a 15 per cent slip in trading profits. Finally Lex comments on the new Current Cost Accounting standard, SSAP16, and discusses the changes which have taken place since the first draft was published and looks at the next area for development. On the inside pages Howard Tenens is making a cash call and there are six other companies that come in for comment.

Morgan Grenfell 19% up

Morgan Grenfell Holdings, the parent company of the British merchant bank, increased its disclosed profits by 19 per cent in 1979 to £4.4m after tax and transfers to hidden reserves. The balance sheet continued the strong growth of recent years with a rise of 21 per cent to £1.26bn.

According to Mr. Bill Mackworth-Young, the vice-chairman, disclosed and undisclosed profits did not match up to those achieved in 1977, when earnings of £5.2m were announced, but 1977 had been an exceptional year when favourable monetary conditions had coincided with an unusual bunching of fee income.

In 1979, earnings had conformed to the longer term rising trend, he explained.

The profits increase last year was largely based upon a rise in Morgan Grenfell's fee income. Fees and commissions accounted for about 60 per cent of the London bank's gross income before overheads.

The advance in fee income was due to progress in a spread of activities. It was an active year in the business of arranging mergers and acquisitions, and trade credits. There was a marked increase in the quantity of money under investment management—from £1.2bn to £1.5bn.

Commissions on acceptances also rose sharply. In a year when acceptances became established as the way round the "corset," the liability of customers for acceptances rose from £137m to £184m and thus outpaced the overall balance sheet growth of the bank.

Morgan Grenfell set up a new operating division to handle its Eurobond business in 1979. Last year was a very difficult one in this market and the new section did not produce a profit and is not expected to produce one in 1980.

However, Mr. Mackworth-Young said the division had been established as a profit centre and the group remained committed to its involvement in this business and would develop its activities gradually.

As for the current year, Mr. Mackworth-Young said the group had been "very busy" but results had so far been "not very exciting."

Morgan Grenfell is a public but unquoted company, largely owned by a group of institutions. The dividend was raised by 18 per cent over the level in 1978.

Reed Executive grows 43% on buoyant trade

A CONTINUATION of the buoyant trading conditions enjoyed the year before pushed taxable profits of Reed Executive up 42.7 per cent from £1.81m to a record £3.16m. The surplus for the employment agency and drugstore operator in the second six months was more than doubled from £1.48m to £3.11m.

However the company says that the economic pressures and uncertainties mean that this level of profit is unlikely to be maintained in the first half of the current year.

Turnover for the year which ended December 28, climbed from £22.03m to £31.97m.

Though the tax charge was ahead to £946,000 (£287,000) stated earnings per 10p share emerged 6.6p better at 21.08p. A net final of 3p effectively lifts the total dividend to 4.5p (3.35p).

Attributable profit reached £2.17m (£1.59m) after an extraordinary debit of £45,000 (£65,000 credit).

● comment

In spite of the relatively high levels of unemployment recruitment agencies are booming. In Reed's case, the company has turned in bumper results for the third successive year—profits are 75 per cent higher. An important factor is that the company's outlets are concentrated in the south east where unemployment is considerably lower than elsewhere in the country. The group is continuing to incur small trading losses from the Medicare self-service drug stores but there is an indirect benefit in reducing the overall tax charge to just 30 per cent. This investment is already five years old and there is an urgency for it to start making a positive trading contribution given that the group is expecting the momentum from the employment agencies to start slowing down. At 85p, down 2p, the shares sell on a fully-taxed p/e of 5.7 while the yield is 7.8 per cent.

Macfarlane advances to £1.67m

TAXABLE PROFITS of packaging and printing concern, **Macfarlane Group (Clansman)** moved ahead 38 per cent from £1.21m to a record £1.67m for 1979, with £0.86m against £0.53m coming in the first half. Turnover for the year expanded from £13.27m to £15.89m.

Sales and profits in the early months of this year are similar to those for the same period of 1979.

Mr. N. S. Macfarlane, the chairman, says that 1979 was another excellent year for almost all companies within the group. Tight management and financial control was of major benefit and as a result it ended the year as a lender and not a borrower.

The chairman considers that for the two sectors in which the company operates—whisky and computers—are well placed to weather the economic difficulties which will arise in the UK and overseas.

Earnings per 25p share are stated ahead from 8.43p to 12.33p and the dividend total is effectively lifted by 25.5 per cent to 4.4p (3.4304p) net, with a final of 2.3p. A one-for-four scrip issue is also proposed.

The year's profits included interest and short-term deposits of £66,239 (£5,200). Tax charge rose from £510,301 to £642,213 and the retained surplus emerged at £660,148, against £405,983.

Bryant Group overrides mortgage difficulties and passes £3.26m

PRE-TAX profits of **Bryant Group**, the West Midlands building contractor, civil engineer and property developer, increased from £2.69m to £3.26m in the six months to November 30, 1979. Turnover climbed from £31m to £44m.

The private housing activity has been very successful and made the major contribution to the profits. Despite difficulties with mortgages, sales continued to be good during recent months, but cost inflation and more stable prices may combine to reduce the margins achieved in the first half, states the chairman.

Property development maintained its momentum and further lettings have been successful concluded with a consequent addition to investment income. There will again be a substantial development surplus in the full year's accounts.

The difficulties in both building and civil engineering are well known, and these activities made only a small contribution to group profits.

Since the end of the half-year, the group has completed the one remaining contract in Saudi Arabia and achieved a better financial settlement than originally contemplated. As a result, they will be able to write back as an exceptional credit an amount in excess of £1m in this year's accounts.

With continued success in homes development and property activities, a good second half is anticipated, thus achieving the forecast in the annual report of very satisfactory results.

The share of profits of associate companies in the first six months fell from £585,000 to £108,000. Tax charged for the group was up from £1.09m to £1.69m.

The interim dividend is increased from 1.0492p to 1.5p to reduce disparity—last year's total was 4p from pre-tax profits of £4.76m. Stated earnings per share are down from 7.92p to 7.78p.

● comment

After a hectic couple of years, Bryant looks to have left its problems behind. House sales could reach 1,700 units this year against 1,500 in 1979, while the Saudi adventure has closed with a £1m release from the £2.6m provision made in 1978. The only apparently adverse p and l feature — associate company profits—derives from the exceptional property sale surplus taken in the last financial year. Building and civil engineering remains dull. The group is understandably unenthusiastic about expansion abroad, while at home, there looks little space for resurgence in the medium term. Property could reveal a development surplus this year of the same order as 1979's £2.2m. The stabilising of house prices coupled with what some forecasters expect to be a stagnant short-term demand for private housing, could lead to duller figures next year. But for the current period, if the second half sees similar growth, profits could reach £5.8m, indicating a prospective fully-taxed p/e of 4.2 on a historic yield of 10 per cent at 60p.

Howard Tenens to raise £1.4m by rights at 48p

A RIGHTS issue to raise about £1.4m is proposed by **Howard Tenens Services**, the distribution and engineering company which recently announced that bid talks for the company had broken down.

A total of 3.18m new ordinary shares are being offered on the basis of one-for-four at 48p.

The directors forecast pre-tax profits of £1.1m for the year ended March 31, 1980, against a loss of £0.26m, on sales of £26.2m (£39.5m). The intended dividend total is 2.28p (1.9022p).

They believe that trading prospects are good and an improvement in profitability should be achieved this year. They would hope to maintain the dividend on the new capital.

The proceeds will be used to pay for a warehouse, costing £1.5m, on a site in Andover, Hants., where the company has an agreement to lease 5½ acres of land from the Test Valley Borough Council for 125 years.

Building of a 80,000 sq ft facility is in progress and completion is planned for July.

The directors have now commissioned a valuation of group properties. On the basis of work to date, surveyors believe that the valuation will not be less than £13.5m at March 31, 1980, a surplus of not less than £3.6m over book value a year earlier.

The rights issue has been underwritten by Barclays Merchant Bank.

● comment

Howard Tenens' rights issue has been pitched in the knowledge that bid speculation had been an important element in the prevailing share price. That explains the 30 per cent discount which is some 10 points deeper than might otherwise have been the case. Then, again, the track record is very uninspiring and profits are only now beginning to see the benefit of loss elimination (Armstrong, incidentally, claims to have turned Willenhall round very quickly) although the forecast still assumes a demanding ex-rights p/e of 14.6 fully taxed and little support from a yield of 5.4 per cent. Yet with some 20 per cent of the equity still held in impenetrable nominees, it would be surprising if the memory of recent bid talks had been entirely erased and, despite a 5p fall to 64p yesterday, the shares will probably continue to look at something more than the immediate trading prospects. Although the Worcester engineering offshoot probably needs further reorganisation, prospects for storage and distribution look reasonably bright and the Andover deal provides a sound base for geographical expansion. A proportion of the new site is to be included in the forthcoming revaluation to boost asset backing to at least 96p per share. That, together with the opportunity afforded by the rights to dilute any predatory shareholders, suggests that a defence is not being allowed to slip.

SPAIN

March 28	Price %	+ or −
Banco Bilbao	225	+3
Banco Central	244	
Banco Exterior	206	
Banco Hispano	220	+3
Banco Ind Cat.	130	
Banco Madrid	154	
Banco Santander	260	
Banco Urquijo	162	−2
Banco Vizcaya	232	+4
Banco Zaragoza	205	+2
Dragados	100	
Espanola Zinc	62	+1
Fecsa	58	+0.8
Gal. Preciados	27	−2
Hidrola	64.7	
Iberduero	57.7	+0.2
Petroleos	108	+1.3
Petroliber	59	
Sogefisa	607	
Telefonica	54.5	
Union Elect.	64	+0.5

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
BBA Group	1.79	July 7	1.43*	2.63	2.19*
Booker McConnell	7.5	July 1	3.95	12.5	7.9
Bryant Group ......int.	1.5†	May 30	1.05	—	4
Combined English	1.66	July 1	0.86*	3.15	1.81*
Dinkie Heel	0.25	July 1	0.36	0.5	0.5
Eleco ......int.	1	May 12	0.9	—	3
Emess Lighting ......int.	2.5	May 8	—	—	—
Federated Land	2.15	May 8	1.93	3.15	2.73
First Castle Secs.	0.72	July 21	0.6*	1.33	1.11*
Freemans	2	June 6	1.52	3.5	2.57*
Glynwed	6.7	July 5	6.7	9.15	9.15
House Property	3.5	June 4	2.1	4.5	2.1
Low and Bonar	9.5	June 2	8.16	14.13	12.53
Macfarlane (Clansman)	2.3	May 22	1.75*	4.4	3.43*
Stanley Miller	0.8	May 21	0.7	1.4	1.2
Newman-Tonks ......int.	1.65	May 23	1.5	—	4.66
Ocean Transport	4.6	June 2	4.39	8.89	8.38
Provincial Laundries	0.43	July 1	0.27	0.57	0.43
Reed Executive	3	June 2	2.45*	4.5	3.35*
Rockware Group	4.32	—	3.67	6.65	5.9
Saga Holidays ......int.	2.75	April 30	2.5	—	7.5

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Reduces disparity.

Freemans down after second half setback

SECOND HALF pre-tax profits of **Freemans (London SW9)**, mail order, fell from £10.04m to £8.43m after a first half advance of almost £600,000 to £7.8m despite the combination of the lorry drivers' dispute and the bad weather in the early stages of the year. Profit for the year to January 26, 1980 was down from £17.25m to £16.23m before interest £707,000 against £502,000.

The second half advance in sales was only 11 per cent and well below expectations, and this resulted in large write-downs of terminal stocks, says the chairman, Mr. A. Rampton. The company was affected by the rise in VAT and the generally poor fashion demand in the autumn. Because of the poor stock availability in the first season, larger stocks for the autumn/winter season were secured.

He says it is difficult to compare demand from the new catalogue against the disturbed early months of 1979, while many departments are producing encouraging results. There are, as yet, few signs of real improvement in most clothing and footwear ranges.

The Board is hopeful of a return to growth in pre-tax profits, although the first half will still be suffering from a reduction in gross margins by comparison with the similar period last year because of the VAT change.

The final dividend is raised from 1.5195p to 2p making 3.5p (2.5695p adjusted). Stated earnings per 25p share are up from 14p to 17.5p.

Turnover for the year improved from £188.02m to £208.46m.

See Lex

Federated Land at £1.1m

INCLUDING AN exceptional profit of £155,000 on the sale of undeveloped land, taxable profits of **Federated Land and Building Company** moved ahead to £1.11m for 1979, compared with £914,000. Turnover rose from £12.76m to £13.33m.

The directors hope that, providing economic conditions do not deteriorate further, profits for the current year should not be less than for 1979.

At the interim stage profits advanced to £548,000 (£420,000) including £77,000 surplus on sale of land—but directors warned of high interest charges at the year end having an impact on second half profits. In the event, interest was up from £960,000 to £1.58m.

	1979 £000	1978 £000
Turnover	13,334	12,762
Trading profit	1,726	1,678
Property rent	809	196
Interest	1,578	960
†Exceptional profit	155	—
Profit before tax	1,112	914
Tax	177	451
Net profit	935	463
Dividends	335	286
Retained	600	177

† On sale of undeveloped land.

However, this was offset by an increase in net rent of investment properties to £809,000 (£196,000).

Earnings per 25p share are virtually doubled at 8.79p (4.42p) and the dividend is stepped up to 3.15p (2.73p) net with a final payment of 2.15p. Net assets per share is given as 121p against 48p.

The company completed fewer homes than in 1978, as a deliberate policy of conserving land stocks. Sales of these units were readily achieved in what was a very buoyant market, the directors state.

Land supply is very healthy, they add, with between four to five years in hand.

Federated has continued to sell homes to local authorities *for elderly people's housing*, and currently has contracts to build some 100 such homes. The company's first development in France was completed in 1979, and a similar project, also in Paris, was started in January.

Ships sale lifts Ocean Transport

A TURNROUND of £8.43m to a £3.57m profit, on the disposal of ships, has helped **Ocean Tranport and Trading** to pre-tax profits of £19.73m for 1979, compared with £10.14m. Turnover expanded from £485m to £534m.

Trading profit was ahead at £14.85m (£10.05m) but there was an increase in the interest charge of £4.59m to £16.67m.

Stated earnings per 25p share are 13.91p (2.94p loss), on a net basis, and 17.33p (1p) on a nil distribution basis. The dividend is stepped up to 8.8914p (8.3776p) with a final of 4.6p net.

The directors feel it is too early to give any firm indication of prospects for the current year, but they expect the group to recover further in 1980.

	1979 £000	1978 £000
Turnover	534,196	485,067
Depreciation	23,572	21,561
Trading profit	14,845	10,045
Profit on ships disposal	3,567	*4,867
Interest	16,672	12,081
Associates' share	17,993	17,040
Profit before tax	19,733	10,137
Tax	8,026	8,452
Net profit	11,707	1,685
Exchange gain	3,300	*3,477
Minority losses	521	†1,471
Extraord. debit	322	‡852
Attributable	15,206	*2,411
Dividends	9,927	9,295
Retained	5,279	§11,706

* Loss. † Profits. ‡ Credit. § Withdrawn.

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BIDS AND DEALS

Dunham Mount's Norwest offer faces late problem

MR. TED BRIAN, former chief executive of Norwest Holst, and a 25 per cent shareholder in Dunham Mount, the private company bidding for Norwest, has created a last-minute obstacle to the bid by petitioning for the winding up of Dunham Mount.

The move reflects the serious rift between Mr. Brian and the two majority shareholders in Dunham Mount, Mr. Raymond Slater and Mr. Arthur Lilley. Mr. Slater and Mr. Lilley, who controlled Norwest through their 75 per cent holding in Dunham Mount, dismissed Mr. Brian as chief executive of Norwest last September.

Mr. Brian is currently seeking damages for wrongful dismissal which Mr. Lilley and Mr. Slater intend to counter with claims for damages following substantial losses over transactions which occurred when Mr. Brian was chief executive.

Meanwhile, Dunham Mount, in which Mr. Brian is still a shareholder, having refused offers to buy him out, has been bidding through Wexcourt, a subsidiary, for the rest of Norwest which it did not already own.

The bid was due to expire yesterday and meetings were called of share and stock holders to approve it. As a result of Mr. Brian's petition, the meetings were adjourned and the Takeover Panel ruled that the bid should be extended to April 18.

A major complication arose from the fact that Dunham Mount was underwriting some £2¼m of the cash alternative in its own offer. That underwriting was negated by the winding up petition.

Last night Mr. Slater and Mr. Lilley issued a statement that alternative arrangements had now been made for the underwriting and that the bid would not, therefore, be jeopardised.

The two men also stressed that the grounds for the winding up petition, made under Section 222(f) of the Companies Act, underline Dunham Mount's solvency and stability. The clause allows minority shareholders in companies to seek a distribution of assets of a going concern if there is no alternative to realising their investment.

A further complication arises over acceptances of Dunham Mount's offer. Last night Dunham Mount was claiming that it had received acceptances from shareholders owning 95 per cent of the outstanding equity.

The majority of those acceptances still stand, Mr. Slater claimed last night. The only doubt was over acceptances which had been received after the winding up petition was lodged on Friday. They would have to be "revalidated," he said.

Meanwhile, the cash offer closed as planned yesterday and the preference share alternative is extended until April 18 by when Dunham Mount believes "the matter will have been sorted out."

COMFORT HOTELS

Comfort Hotels International has arranged long-term loans of £3m for use this year to cut its short-term borrowings and overdrafts. At the end of February, total borrowings were £18.3m, of which £6.6m was repayable between one and two years and £3.1m within one year.

Mr. Harry Edwards, the chairman, disclosed the borrowing details in a letter to shareholders about the recent disposal of the Cityhus freehold property in Copenhagen, which resulted in a capital loss of £1.4m.

He said the strength of sterling and relaxation of exchange control restrictions had led the group to repay further foreign exchange loans of around £1m. Borrowings would be further reduced by repayments of the DKr 40m (£3.4m) sellers' mortgage received as part of the Cityhus sale.

BIRMINGHAM MINT FORMS NEW COMPANY

Birmingham Mint has formed a new subsidiary, Birmingham Mint Pressings. In the last two years, Birmingham Mint's turnover in non-ferrous pressings has tripled to almost £1m.

The new company is being formed in recognition of the fact that pressings manufacture is now a major activity of Birmingham Mint Group, with important customers in the automotive, electronics and consumer appliance industries.

COURTAULDS

Following negotiations between Courtaulds and Mr. Robert M. Eitel, provisional agreement has been reached whereby Mr. Eitel will incorporate a new company to be called Susan Small. This will acquire the Susan Small and Strelitz businesses—of which Mr. Eitel is currently managing director—from Courtaulds.

Susan Small and Strelitz are manufacturers of ladies' fashion outerwear.

£2.3m cut in CES profit

ABNORMALLY cold and wet weather in the first four months and the subsequent increase in VAT had an adverse effect on trading of Combined English Stores Group and pre-tax profits fell from £6.29m to £4.01m in the 52 weeks to January 26, 1980. The profit includes £1.03m against £782,000 from property disposals.

A profit of £435,000 from an associated company and this was turned into a loss of £267,000.

In the first half, group profits plunged from £1.69m to £401,000.

The board says the income tax repayments did not have the beneficial effect that was anticipated. There was an improvement in trade at Christmas but the clearance of the excessive stocks that had resulted from the previous shortfall in sales, involved substantial reductions in margins in the men's and ladies' wear companies.

Mr. Murray Gordon, the chairman, says that trading profits of Salisbury's, Collingwood the County Jewellers showed an increase over the previous year's record figures. But Harry Fenton and Kendalls, the men's and ladies' wear chains, both incurred losses, compared with substantial profits previously. The companies that were acquired during the year all performed well, and contributed £474,000 to the group's pre-tax profits.

The tax charge was sharply lower at £580,000 (£2.28m). There were extraordinary debits of £91,000 (£830,000) relating to the termination of the trading activities of subsidiaries, including amounts written off goodwill, less a surplus arising on the purchase of loan stock for cancellation.

As forecast at the time of the rights issue last June, the net total dividend is stepped up to 3.15p, with a final of 1.66p. Last year's total was 1.81025p, adjusted for the scrip issue. Dividends absorb £1.55m (£736,000), leaving a balance transferred to reserves of £1.67m (£2.44m). Stated earnings per share are down from 9.8p to 7.27p.

Turnover of the group, which has 650 specialist shops in the UK, West Germany and Holland, improved during the year from £71.01m to £89.66m.

Group fixed assets totalled £13.9m (£9.91m) at the year-end, and net current assets amounted to £11.41m (£8.33m).

● **comment**

CES's important retail fashion businesses were hit for six during 1979. No breakdown is given but Fenton and Kendalls probably accounted for most, if not all, of the 36 per cent profits downturn which suggests that they incurred losses of around £1m—a turnround of about £2.3m. While it has been a poor year for fashion generally, CES appears to have performed notably less well than others in the sector, a sentiment shared by the market generally as the share price has underperformed its competitors in recent months. Although there is asset backing of at least 57p per share, the shares are languishing at 33p, where the p/e on stated earnings is a lowly 4.3 while the yield is 14.4 per cent. The prospects are uncertain but new acquisitions should at least help towards a partial recovery this year.

Low & Bonar overcomes strike and exchange loss

AN 11-week strike in four packaging plants in Canada and exchange losses cost the Low and Bonar Group well over £1m in the year to November 30, 1979, but the group still managed to push up taxable profits from £8.66m to £9.02m.

Turnover of the packaging, engineering and textiles concern was unchanged at £142.82m.

The directors say they are confident of the group's continued progress.

The net total dividend is raised from 12.526p to 14.1345p, with a final of 9.5p. Release of stock relief reduced the tax charge to £2.6m (£4.09m), and this helped increase stated earnings per 50p share to 49.34p against 35.22p.

The exchange losses amounted to £626,000 (£445,000).

	1978-79	1977-78
	£000	£000
Sales	142,817	142,624
Profit	8,100	7,848
Associate companies	917	813
Profit before tax	9,017	8,661
Tax	2,604	4,092
Net profit	6,413	4,569
Minorities	891	640
Extraordinary debit	119	*769
Income	5,403	4,698
Pref. dividends	16	16
Ordinary dividends	1,623	1,356
Retained	3,764	3,326

* Credit.

● **comment**

The effect of strikes and sterling appreciation on Canadian profits has been singled out for mention by Low and Bonar but these operations have increased their earnings contribution to almost 20 per cent from 16.7 per cent in 1978. The flat second half profits are mainly the result of problems in Africa, where the textiles division is concentrated, and in the UK. The domestic side was badly hit by the engineering strike and the high cost of borrowing. The group's strategy of increasing the proportion of profits generated in the UK has therefore suffered a slight setback—the figure is almost unchanged at 42 per cent. L and B is nonetheless continuing to spend heavily in the UK where, if the industrial climate permits, earnings should improve a little this year. At 174p, up 4p yesterday, the shares offer a p/e of only 3.3 on the low stated tax charge, but this rises to a more realistic 5.4 on a fully-taxed basis. The yield is 12.6 per cent.

Eleco tops £0.8m at mid-term

JUSTIFYING the confidence expressed in November, Eleco Holdings lifted taxable profit by £103,000 to £810,000 for the half year to December 31, 1979. Turnover by the group, which has interests in electrical engineering and construction, advanced to £9.9m, compared with £8.79m.

The net interim dividend is stepped up to 1p (0.9p) per 10p share. Last time a 3p total was paid from a record £1.65m.

L. C. EDWARDS

Shareholders of Louis C. Edwards have approved the acquisition of Morgan Edwards, the offer becoming unconditional in all respects, together with the cash offer.

The share offer remains open for acceptance until further notice.

Dealings in the new Louis Edwards ordinary shares and convertible shares are expected to start on Monday.

Confidence at Emess: 2.5p interim

WITH THE order book remaining healthy and being well ahead of last year, the board of Emess Lighting is confident that profits for the year ending June 30, 1980, will not be less than the prospectus forecast.

Profits for 1979-80 were forecast at not less than £330,000, with £300,000 coming from the Emess group, and dividends at not less than 6p. The company was formerly known as Era Ring Mill; in January 1980 it completed the acquisition of Firstsquare, changed its name to its present title and made a share placing.

The six months ended December 31, 1979, have produced turnover of £941,860 and a profit of £170,444. Tax is estimated at £36,155—on that basis earnings are 11.49p but becomes 7p on a notional 52 per cent charge. The interim dividend is 2.5p, as forecast.

J. E. SANGER

J. E. Sanger, the meat trading group, went into creditors' voluntary liquidation yesterday, the victim of trading difficulties in the home and foreign markets, high interest rates, and the costly collapse of Gilmore, the Smithfield trader.

The joint liquidators are Mr. William Ratford and Mr. Christopher Hayward, partners in Peat Marwick Mitchell.

Hoffnung defence attacked

Burns Philp, the Australian conglomerate which is offering £15.9m or 80p cash per share for S. Hoffnung, has attacked on all fronts the detailed defence published in the middle of last month. "It seems highly likely that a net loss will be revealed," Hoffnung shareholders are told.

The £350,000 provision against the G and M Power Plant subsidiary's slow-moving stock has been excluded from the forecast of £750,000 pre-tax in the financial year which ended yesterday, and the tax charge has only been approximated. The £792,000 cost of the anticipated 4.5p net per share dividend may therefore have to be covered from reserves.

Burns Philp doubts the wisdom of such a transfer, "particularly as the last audited accounts showed net borrowings in excess of £11m."

The existing use basis of asset revaluation to show net worth of 125p per share is also questioned. Properties valued at £3.1m are to be sold, surplus to requirements. "If these properties are associated with the wholesaling operation, such sale may prove difficult and protracted," Burns adds.

Potential tax problems for Hoffnung shareholders may also arise on a transfer of domicile from the UK to Australia, as proposed.

Burns says: "It appears that the closing down of unprofitable parts of the wholesaling business could constitute an event of default under the trust deeds of Hoffnung's 12 per cent convertible loan stock. If there has been an event of default, it is in the trustees power to require that the stock be repaid forthwith.

"Also it is possible that there are cross-default clauses in other loan instruments within the group. The effects of these would be that, whether or not the trustee calls for the repayment of the stock, other loans would become immediately repayable.

"The position is far from clear," Burns comments.

Rescue bid for Barget

Barget, the troubled furniture manufacturer, yesterday annouced a further slide into losses and a rescue from a Hong Kong company by way of a partial bid.

For the year to September 30, 1979, pre-tax losses increased to £900,000 compared with £245,401 in the previous year. As a result the Barget family has irrevocably agreed to procure acceptances for not less than 50.5 per cent of the company to a 12p cash offer from Tinnox, a Hong Kong company controlled by Mr. Jose de Venecia.

The family already controls 43 per cent of the equity and a further 5.8 per cent is thought to be owned by the Imperial Tobacco pension fund.

The offer price compares with 11p in the market, struck when Barget's shares were suspended last May following a bid approach.

As part of the rescue by Tinnox, which the board believes is in the interests of shareholders, there is to be a one-for-one rights issue at 25p underwritten by Credit Suisse First Boston. The partial offer has the consent of the Takeover Panel.

Cash injection planned for British Anzani

Negotiations are taking place for an unnamed public company to inject a very substantial amount of money into British Anzani, the High Court was told yesterday.

Mr. Eban Hamilton, for the group, told Mr. Justice Dillon that the injection would be sufficient to pay off the debts of all the British Anzani group companies.

By consent, the judge adjourned until April 28 a petition for the compulsory winding up of British Anzani presented by the Inland Revenue, creditor for £40,232.

The petition was supported by Connaught Property and Land, creditor for £250,000, and Chapman Taylor Partners, creditor for £25,495.

Anzani shares were suspended early in 1977 at 15½p after major property losses.

Counsel for Connaught said it was uncertain whether the debt was owed by the parent company or a subsidiary.

A petition for the compulsory winding up of British Anzani Construction, presented by the Inland Revenue, creditor for £92,410, was also adjourned until April 28.

The petition was supported by six other creditors whose debts totalled £13,683. Another creditor, Arbuthnot Factors, with a debt of £6,500, was given leave to be joined in support of the petition.

ICFC OFFSHOOT INVESTS £0.35M

TDC Developments, part of the Industrial Commercial Finance Corporation, is investing £350,000 in Alpha MicroSystems, a nine-month-old computer company.

TDC is acquiring 25 per cent of the shares in Alpha MicroSystems and providing additional working capital to finance the company's rapidly expanding home and export sales and service business.

The company has secured orders worth £2.9m for its business computers which cost between £10,000 and £100,000. Computers are made in the U.S. by the parent company while the British subsidiary markets the products throughout Europe.

PHOENIX MINING

Phoenix Mining and Finance has entered into preliminary negotiations with the board of Burrows Builders, a private company based in Ilkeston, Derbyshire. Burrows owns a portfolio of commercial investment properties and is engaged in local authority contracting and private house building.

Two directors of Phoenix, Mr. R. Brooks and Mr. J. A. Wilkinson, are also directors and principal shareholders of Burrows. Consequently, the independent advice of Henry Ansbacher has been sought.

BBA reaches £8m and expects rise this year

STRUCK AFTER finance charges increased from £1.6m to £2.32m, pre-tax profits of BBA Group, friction materials, conveyor belting and asbestos textiles maker, reached a record £8m for 1979, compared with the previous year's £7.56m. Sales advanced from £120.5m to £137.32m.

First-half profits had improved from £3.71m to £3.82m and the directors then forecast that the year's result would show a significant increase over 1978.

They now say that with sales and profits for the first two months of the current year ahead of the same period last time, the full year profits will be higher than in 1979.

Earnings per 25p share are given at 9.32p (9.06p), while the dividend total is effectively raised from 2.1932p to 2.63p net with a final of 1.79p.

Attributable profits for the year emerged up from £5.16m to £5.33m, after tax of £2.5m (£2.34m) and minorities. The UK tax charge of £8,000 (£344,000) was low due to allowances on capital expenditure, stock relief and a consortium release receipt.

	1979	1978
	£000	£000
Sales	137,316	120,495
Finance charges	2,318	1,604
Associates' share	643	545
Profit before tax	8,001	7,564
Tax	2,501	2,338
Net profit	5,500	5,226
To minorities	169	64
Attributable	5,331	5,162

A revaluation of properties showed a surplus of £11.1m over book value, which has been transferred to reserves.

● comment

Only a few months ago profits of at least £8.5m were being forecast for BBA but the engineering strike took care of those hopes and the modest 8.6 per cent increase in second half profits left the shares 2p higher at 44p yesterday. The increase was partly prompted by an asset revaluation, worth around 19p per share, but it was also clear that the overseas companies were continuing to pull their weight. In the UK, however, the picture was far from bright. The comparable period was hit by around £750,000 in strike losses so, even without the engineering dispute, real earnings would probably have shown little growth. The minorities figure may leave the impression that Regina-Fibreglass is now profitable but the swing is attributable to an £800,000 payment by BBA's partner, made for tax purposes. Hopes of a return to profitability at Sovex Marshall were also disappointed, though both these companies should be in black this year. Even so, the replacement market in the UK is dull enough to make prospects for the year fairly modest, reflected in the p/e of 4.5 on stated earnings. The yield of 8.9 per cent is covered almost 3½ times.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims:—Charterhall, Ingall Industries, W. Tyzack Sons and Turner.

Finals:—American Trust, H. Brammer, Cape Industries, Desoutter Brothers, Savoy Hotel, Silkolene Lubricants, Southampton, Isle of Wight and South of England Royal Mail Steam Packet, Unicorn Industries, Wace, Watts Blake Beame.

FUTURE DATES

Interims:—	
C.L.R.P. Investment Trust	Apr. 2
Equity Income Trust	Apr. 15
Martonair International	Apr. 16
Finals:—	
Boustead	Apr. 10
Brooks Watson	Apr. 2
General and Commercial Investment Trust	Apr. 10
Hambro Life Assurance	Apr. 11

Closure losses hit Dunford and Elliott

Losses on realisation of the open die forging assets and redundancy costs incurred on the closure of this activity by Hadfields, resulted in an extraordinary loss of £3.43m for Dunford and Elliott, a subsidiary of Lonrho.

Interest charges up from £2.24m to £2.73m contributed to a pre-tax loss of £144,000 in 1979 against profits of £1.82m the previous year.

There was a tax charge of £658,000 against a credit of £570,000, and minorities took £195,000 (nil).

Results of the company were severely affected by the transport and engineering strikes during the year. Rationalisation of Hadfields has been completed and that company has now returned to profitability, although the first half of the current year will be affected by external disputes, most notably the steel strike.

Saga rise held to 4% so far

PRE-TAX PROFITS of Saga Holidays rose by 18 per cent to £1.15m in the half year to December 31, 1979, against £974,000 previously.

However, Mr. S. De Haan, chairman, points out that the comparison is distorted by the £133,000 exceptional loss last time relating to the TSS Atlas. If this is excluded, the rise is 4 per cent and reflects the restricted growth forecast in his last annual statement.

At that time, the chairman said bookings for the group's 1980 spring programme indicated a significant improvement. Since then there has been a significant drop in demand for holidays throughout the industry, he now says.

As a result, the expected growth is unlikely to materialise in the current year, although he believes the full-year results will not be unsatisfactory. Pre-tax profits amounted to £2.04m in 1978-79.

The small increase in half-year turnover to £11.85m (£11.54m) results mainly from a decision to restrict significantly the cruising programme during the period. The chairman says the decision has been justified because demand for this type of holiday has shown a marked reduction.

The market trend has also been away from overseas holidays, as expected, and only UK holidays showed significant growth during the period.

The net interim dividend is raised from 2.5p to 2.75p—last year's final was 5p. Earnings per 20p share are given as 9.22p, against 7.8p. Tax took £599,000 (£506,000).

The taxable surplus includes interest on deposits of £678,000 compared with £624,000.

Acceleration for Glynwed

A £2.53M RISE to £10.05m in the second half lifted taxable profits of Glynwed to a record £18.68m in 1979, compared with £16.08m previously, on sales ahead from £316.44m to £345.52m.

Mid-term profits were little changed at £8.64m (£8.46m). The directors said then that the full-year surplus would show some improvement over 1978, but they were cautious about the second-half outlook.

	1979	1978
	£000	£000
Turnover	345,521	316,437
Trading profit	23,385	19,978
Interest	4,701	3,898
Profit before tax	18,684	16,080
Tax	5,550	4,334
Net profit	13,134	11,746
Minorities	469	91
Extraordinary debits	1,534	727
Available	11,131	10,928
Pref. dividends	70	70
Ordinary dividends	5,974	5,973

The trading surplus of the building and consumer products division rose from £6.46m to £9.01m in 1979, while the steel and engineering contribution was marginally higher at £7.39m (£6.96m). Overseas operations jumped from £1.26m to £3.74m.

However, stockholding and distribution profits slipped from £5.2m to £3.76m, and other divisions and trading companies incurred losses of £507,000, against profits of £104,000.

The net total dividend is held at 9.15p, with an unchanged final of 6.7p. Earnings per 25p share are given as 19.29p (17.81p) basic, and as 18.87p (17.38p) fully diluted.

Tax took £5.55m, against £4.33m. The charge would have been £8.6m (£3.2m) higher without the benefit of accelerated capital allowances and stock appreciation relief.

See Lex

Granada makes a good start

PROFITS so far this year at Granada Group were running as budgeted, and above the same period last year, and the group was in good order, Mr. Alex Bernstein, the chairman, said at the annual meeting.

Advertising revenue in Granada Television had been very satisfactory and the company had recouped the revenue lost during the first four weeks of its current year due to the national industrial dispute.

The TV retail and rental market had been rather dull in recent months, but the number of new customers for TV sets and video recorders had been satisfactory.

Attock Petroleum just in profit at halfway

OIL and gas sales more than doubled from £107,000 to £251,000 for Attock Petroleum, and the group reports taxable profits of £20,000 for the six months ended December 31, 1979, compared with £123,000 losses previously.

Mr. A. P. de Boer, chairman, says that Attock's activities in its chosen areas of operation continue to develop but, because of the size of the exploration programme and its attendant risks, "the board is not making a profit forecast at this stage."

However, he expects further progress by the year-end—pre-tax loss for the whole of last year was £34,000.

Again there is no interim dividend—the last payment was 4.2p net in respect of 1976—and after tax of £23,000 (£27,000) there was a loss of £3,000 (£150,000) giving a 0.1p (4p) deficit per 20p share.

The tax charge arose because a loss in the U.S., after taking into account of exploration expenditure, could not be offset against income from deposits in the UK.

First-half net income from producing operations expanded from £14,000 to £92,000 and reflects a full six months' production from interests in the Gulf of Mexico, Mr. Boer states.

Of the 15 U.S. wildcat wells referred to in his annual statement, the chairman says that seven have been drilled to date. Three of these were plugged and abandoned, and the others are awaiting completion and hook-up for production.

On the UK side, the onshore drilling in Sotherland of a well, in which Attock has a 20 per cent interest, will start in early May. The group has joined a consortium, consisting of substantial UK and North American companies, which intends to apply for licences in the next offshore licensing round.

Evaluation of the acreage in offshore Western Australia is continuing and a new seismic programme will be conducted this month.

Metramar, in which the group has a 10 per cent stake, holds the rights to the tailing dumps of the Wiluna goldmine, which are estimated to contain some 250,000 ounces of gold; methods for retreatment of these dumps are under investigation, the chairman says.

There was an unrealised exchange loss of £43,000 (£122,000) for the first half, which has been dealt with through reserves.

● comment

It is not surprising or worrying that Attock Petroleum is just slightly in the black at the half-way stage. With a market capitalisation of £7.6m, this group is one of the smaller of the independent UK oil exploration companies and as such it recycles most production revenue back into discovery efforts. Attock's activities provide a microcosmic example of the business, which normally involves staying in loss and paying no dividends until the group hits the "big time." The company is fortunate to have some production revenue (£92,000 in the first full six months) coming in from the Gulf of Mexico. This income has risen significantly along with oil prices and should continue to provide cash for exploration ventures in Australia, Texas and onshore in Scotland. Attock has a 20 per cent stake in the Sutherland drilling project in Scotland; if this is successful next month it could prove a useful holding. Meanwhile, the company is also getting ready to participate in the Seventh Round of North Sea oil block licensing, along with several other eager UK independents. At year end, the company's heavy exploration costs may lead to the break-even point or small loss. The shares stood at 198p yesterday, unchanged.

Newman-Tonks ahead

FOLLOWING THE substantial profits increase from £1.81m to £3.05m in the last full year, Newman-Tonks Group, metal hardware maker, improved pre-tax surplus by £0.16m to £1.12m for the six months to March 31, 1980, on sales of £19.48m, against £14.85m.

Results for the second half are not expected to reflect last year's pattern, but they are anticipated to be in excess of those now reported.

On this basis, it is intended to pay a final dividend of 3.45p, making with the interim of 1.65p (1.5p) now recommended, a net total of 5.1p (4.6585p).

The company's two most recent acquisitions, Econa and Rothley Brass, have both traded well and satisfactory contributions to the year's profits are anticipated.

Newman-Tonks Engineering is suffering the effect of local government spending cuts and although market share is being maintained, its margins are being eroded.

Newman-Tonks Hardware has a reasonably buoyant order book largely due to new product lines. Modifications to new buildings acquired last year are not yet complete and no benefit of its move will be seen this year.

Tax for the six months took £583,000 (£500,000) and net profits rose from £462,000 to £539,000.

Improved second half fails to lift Rockware

DESPITE a second half increase from £3.47m to £3.98m, Rockware Group finished 1979 with taxable profits down from £7.02m to £5.18m. Turnover advanced to £143.3m against £108.42m.

The directors say that given reasonable industrial relations and without national stoppages, they expect the current year's performance to improve greatly on 1979.

There will be benefits in the current year, they say, from economies taken in 1979, many of which will strengthen the glass division—profits fell from £6.97m to £5.92m before interest.

And the packaging base of the group has been significantly broadened.

Mr. Jim Craigie, chairman, says that the biggest single impact on results was the road-haulage strike which cost the glass sector £3m in profits. And there was an exceptional debit of £1.05m (£240,000), being redundancy payments.

About half of this write-off related to some 400 redundancies taking effect this year in the glass division, and more cutbacks are likely in the future, Mr. Craigie states.

Interest charges jumped by £1.66m to £2.75m.

Because of the engineering dispute last year and as a result of excessive cost of developing new products, there were severe losses at Rockware Kingspeed, on the engineering side, up from £160,000 to £821,000. But there has been a substantial reorganisation of this business, and the chairman says it has returned to profits in the first two months of 1980.

The plastics division was significantly expanded in 1979—profits jumped from £899,000 to £2.51m—both Alida Packaging and two new acquisitions making excellent contributions.

Last August the group acquired five plastics bottle manufacturing businesses in Australia, Spain, Holland, Belgium and the UK.

Stated earnings per 25p share are 20.2p compared with 27.55p and the dividend is 6.65p (5.896p) net with a final payment of 4.32p.

● comment

In spite of the decline at the pre-tax level, Rockware's performance looks rather encouraging for the current year. The share price moved up 2p yesterday to 91p. Operating profits have risen by about 30 per cent for glass in the second half, and once the £3m profits lost in the first half are taken into account, there has been a significant improvement in underlying margins over the year. Even though prices were raised by 16 per cent, glass volume was held in a stagnant market with competitors taking the brunt of further impact on the market by imports. The acquisitions in the plastics division justified the increased interest charges to finance them, while the engineering division has been in the black for the first two months of 1980 and is expected to remain so for the rest of the year. Pre-tax profits for the current year could be in the region of £9m, for a prospective p/e of about 4½, fully taxed. The historic yield is about 11 per cent.

S. Miller improves to £0.26m

WITH second-half profitability marginally higher than in the same period of 1978, Stanley Miller Holdings, building contractor and civil engineer, improved 1979 pre-tax profits from £190,083 to £263,465, on turnover of £12.97m against £12.63m. In the first six months, taxable surplus had risen by £67,047 to £98,486.

The year's profits included an associate's share of £91,076 against £37,860. There was a tax charge of £102,193 (£114,000 credit) and after minorities, attributable surplus emerged down from £300,117 to £165,186.

Earnings per 10p share are shown lower at 2.75p (5p), but the dividend total is raised to 1.4p (1.2p) net, with a final of 0.8p.

Stenhouse strengthens U.S. links

By John Moore

Stenhouse Holdings, the international insurance and reinsurance broking group with large Lloyd's of London interests, is reinforcing its links with the New York Insurance Exchange, America's answer to Lloyd's.

Reed Stenhouse Companies, the Canadian group in which Stenhouse owns 53.76 per cent of the equity, together with Continental Corporation, one of the largest U.S. based insurance and financial services companies which holds 20 per cent of Stenhouse, have introduced seven additional insurance companies to their jointly managed syndicate on the new exchange.

The new members—all insurance companies—are Alte Leipziger Verisherung AG, Oberursel, Germany; Asia Insurance Company, Hong Kong; Elkhorn Insurance Company, New York; Korean Reinsurance Company, Seoul, Korea; Pennsylvania Manufacturers Association Insurance Company, Philadelphia; the Pohjola Group, Helsinki, Finland, and Malayan Insurance Group, Manila, Philippines.

The syndicate—called Maiden Lane Syndicate and funded with initial capital of U.S.$6.7m is managed by Continental Reed Stenhouse Management Company, 50 per cent owned by Continental Insurance Company, New York and 50 per cent owned by Reed Stenhouse Companies, Toronto.

The other members who are participating on the syndicate are: Continental Insurance Company, New York; La Preservatrice SA Paris; Phoenix Assurance Company, New York, and Toro Assicurazioni SpA, Turin.

Mr. V. Lee Barnes, president of CRSMC said yesterday that he anticipated that other insurance companies around the world will be attracted to the New York Insurance Exchange, which opened yesterday, "as a convenient and attractive way of entering the U.S. market."

Provincial Laundries profits soar

TAXABLE PROFITS of Provincial Laundries soared from £100,026 to £312,838 in 1979, an increase of 213 per cent, on sales 126 per cent higher at £2.95m, against £1.3m.

The results were helped by acquisitions made during the year, which contributed £1.12m to sales and £66,799 to pre-tax profits.

The net total dividend is stepped up from 0.4349p to 0.8698p, with a final of 0.4349p, as forecast. Stated earnings per 5p share are ahead from 2.11p to 4.1p.

There was a tax charge of £26,615 (nil), arising from ACT written off.

Shareholders' funds increased to £1.9m (£484,371). Net tangible assets per share are given as 20.7p (12.1p).

MINING NEWS

W. Areas should again do well

BY KENNETH MARSTON, MINING EDITOR

A PARTICULARLY important aspect of high gold prices to the South African gold mining industry has been the opportunity offered to work lower grade ore on a profitable basis and thus extend the lives of the mines. At the same time, large scale working of such ores plays an important role in keeping costs to manageable proportions.

A good example of a large mine making good profits by working low grade gold ore is the **Johannesburg Consolidated** group's **Western Areas**. Unlike a high grade mine such as **West Driefontein** which can produce gold at a cost equivalent to a little over $65 per ounce, Western Areas now needs a gold price of $300 to break even at a milling grade of 4 grammes gold per tonne of ore, or $250 if the recovery is 5 grammes; profit more than doubled last year when the price averaged $316 and the recovery grade was 5.3 grammes.

At the same time, a price of $375 means a sub-stantial increase in Western Areas' reserves of payable ore. In addition, the mine has a valuable uranium by-product and has recently announced a long term uranium sales contract which carries an interest-free loan of R30m (£17m) to help finance production facilities.

In his latest statement with the 1979 annual report the chairman, Mr. P. A. von Wielligh, regards 1980 prospects "with some degree of optimism," in the light of the current level of the gold price which was $504 yesterday.

The annual report of **Randfontein Estates** says that no single acceptable explanation has emerged for the fact that current evaluations of uranium ore reserves in the old original workings fell far short of the earlier assessments. But it is reckoned that reserves on the Bird reef are sufficient to maintain the current rate of production from this section for at least four years.

At the Cooke section—which is in effect a new mine — gold recoveries at the new treatment plant are now regarded as satisfactory while improved recoveries of uranium are expected this year.

Last month Randfontein announced that it was to construct a R200m shaft in the Cooke section. Full-scale shaft sinking is to start early next year and the shaft is expected to be operational in 1985. It will thus be available to expand production against a decline in that from the old Randfontein section.

FRANCO-KOREAN URANIUM PLAN

An expansion of Gabonese uranium output was foreshadowed yesterday when the South Korean state utility, Korea Electric, said it would take part in a uranium mining joint venture in the Lordleyon region of Gabon with Cogema of France.

Over four and a half years Korea Electric will put up FFr 45m (£4.65m) and will gain a 41 per cent stake in the venture.

Cogema will hold 49 per cent of the equity. The balance of 10 per cent will be held by the Government of Gabon.

ROUND-UP

LKAB, the Swedish state-owned group, has received orders for 1m tonnes of iron ore pellets a year for five years from Usinor, the French steel group, and for 400,000 tonnes a year for three years from **Hamburger Stahlwerke**, the German steel group. The orders are worth SKr 930m (£95.95m), said a spokesman for LKAB.

* * *

Ore reserves at the Midwest Lake uranium property in Saskatchewan held by **Imperial Oil** (50 per cent) and **Numac Oil and Gas** and **Bow Valley Industries** (25 per cent each) are now put at 2m tonnes, grading 1.25 per cent uranium. Mine design work is under way. Meanwhile Imperial is re-opening the Granduc copper mine in British Columbia and working on molybdenum and copper-zinc properties in the province.

* * *

A delegation from the Japanese Federation of Economic Organisations (Keidanren) is to visit Australia next month for talks on participation in Australian coal mining projects.

Mooloya Invs. forced into liquidation

Mooloya Investments, owner of the Customagic stretch cover company, has been compulsorily wound up following the failure of attempts to restore its liquidity.

Mr. Justice Dillon made the order on an unopposed petition by Charterhouse Japhet, creditor for £70,192 for professional fees and expenses.

Mr. Robin Potts, for the petitioner, said it was supported by Law Debenture Corporation, creditor for £502,792, the principal sum due for 12 per cent partly convertible unsecured loan stock 1986-88. Mooloya was substantially in breach of the loan stock trust deed and Law Debenture, as trustee, had declared the stock repayable.

The Stock Exchange is currently investigating Mooloya share dealings for the past year or so. The company incurred a loss of £332,000 in the half-year to April 30, 1979.

The petition was also supported by Mooloya's former solicitors, Edmonds Bowen and Company, creditor for £22,881 for professional fees.

Mooloya was not represented.

Two Camrex directors resign

The boardroom row at Camrex, the Sunderland-based paints and contracting group, was confirmed yesterday with the news that two directors, including the chief executive, have resigned.

The company said that the two men's decisions to leave was caused by "differences of personality and medium-term policy." Their replacements have yet to be chosen, said Mr. Roger Wake, the chairman.

The resigning directors are Mr. John Witter, the chief executive, and Mr. Peter Dillon, finance director. The problems, exacerbated by their strong personalities, arose mainly over the implementation and speed of changes already decided on the contracting side.

Gieves Group reconstruction

Proposals for the reconstruction of the Gieves Group have become effective and former ordinary holders of Gieves Group have now become shareholders in Gieves Group (1980).

The ordinary shares in the Gieves Group (1980) have been admitted to the official list and dealings are expected to begin today.

Gieves' present expectation is that, in the absence of unforeseen circumstances, it will be able to recommend dividends totalling not less than 2p per share, absorbing £117,476 net, for the year to January 31, 1981. An interim will be considered in November.

Former shareholders of Gieves Group have, as a result of the reconstruction, also become shareholders in James Burn (Holdings). The cash offer for the shares in that company which is to be made on behalf of Standex International is expected to be posted to shareholders today.

APPOINTMENTS

NORTH AMERICAN NEWS

Petro-Canada may buy Come-By-Chance refinery

BY ROBERT GIBBENS IN MONTREAL

PETRO-CANADA, the Canadian national oil company, has taken an option to buy the mothballed Come-By-Chance oil refinery in Newfoundland, which has a daily capacity of 100,000 barrels, with the possibility of processing future crude from Mexico and the offshore Hibernia Field there. The option was negotiated with Peat Marwick, trustee for the refinery, and with the UK Export Credits Guarantee Department, one of the preferred creditors.

The refinery was built in the early 1970s by Mr. John Shaheen, a New York financier. About three years ago, two Shaheen companies operating the refinery were put into bankruptcy with debts estimated at C$600m, and mothballing followed. Major litigation is outstanding, and would have to be cleared before Petro-Canada is likely to take up its option.

Petro-Canada will evaluate the refinery's present condition —British Petroleum engineers supervised the shutdown and mothballing—and also whether further upgrading of equipment would be needed for it to reach 100,000 barrels daily capacity. It will pay half the present maintenance costs for six months (likely to be nearly C$300,000).

The most recent serious bid for the refinery, from First Arabian Corporation, headed by the Tamraz interests, was not accepted by the court-appointed receiver.

If Petro-Canada takes up the option, it would pay between C$10m and C$15m as a down-payment, plus additional sums when the refinery re-starts. Preferred creditors would be paid off gradually through an agreed amount per barrel of crude processed. Newfoundland would get a 10 per cent stake if Petro-Canada gets the refinery operating within three years.

Petro-Canada has a 25 per cent interest in the Hibernia oil find nearly 200 miles east of St. John's, Newfoundland. Other interests are owned by Gulf Canada, Mobil Canada, Chevron Standard (Socal) and Columbia Gas Development of Canada. Industry estimates say oil will be flowing in commercial quantities from Hibernia by 1986. A second step-out well is now under way. A separate structure called Ben Nevis, 25 miles away, is also believed to be commercial.

Petro-Canada engineers are due at the refinery this month, and work could start on re-opening the refinery in the spring of 1981. The job of re-starting and upgrading equipment could take two years. Some of the equipment never functioned to design standards, and is subject to claims running into tens of millions of dollars. It is estimated within the industry that it would take around C$100m to get the refinery back into operation, upgrade equipment and reach 100,000 barrels daily throughput.

Envirodyne files for bankruptcy

By Stewart Fleming in New York

ENVIRODYNE, a leading supplier of steel to the strike-bound International Harvester, is filing for bankruptcy following the big farm equipment and truck manufacturer's decision to foreclose on a $50m loan to the steel company.

Chase Manhattan Bank, which has a $35m loan outstanding to the company at a rate of 2¼ percentage points over the prime rate of 19½ per cent, has also moved to protect its loan by stopping shipments of new materials from Envirodyne's plant.

A U.S. Government agency, the Economic Development Agency, in November of last year advanced Envirodyne $90m of guaranteed money, of which $55m has been drawn. Envirodyne, which has already laid off its workforce of 3,400 employees, is seeking further financial aid from Washington.

In 1977, International Harvester divested itself of its steel operations by selling them to an Envirodyne subsidiary for $15m in cash and $50m of notes secured on coal and iron ore properties which it was transferring to Envirodyne.

Last year Envirodyne, which is listed in the over-the-counter market, suffered a $44m loss on sales of $273m, partly as a result of the weakening steel market and rising interest costs.

As the strike by United Auto-workers employees at International Harvester has dragged on since November of last year (it remains unsettled). The steel company's position has deteriorated rapidly.

Memorex in deal with Olivetti

BY GUY DE JONQUIERES

MEMOREX, the U.S. computer peripherals company, is to set up a joint venture in Northern Italy in partnership with Olivetti, the Italian electronics manufacturer, to make small high-capacity disc drive memory units.

A large market is expected for the devices, a comparatively recent technical development which enables the performance of small computers to be increased by expanding substantially their back-up storage capacity.

The new plant, due to start production towards the end of this year, is claimed to be the first announced in Europe to manufacture the units.

The joint venture will be owned 60 per cent by Memorex, which will contribute the technology, and 40 per cent by Olivetti, which will provide management and working capital.

Bahamas tightens its banking secrecy laws

BY NICKI KELLY IN NASSAU

IN AN attempt to retain its substantial share of Eurocurrency business the Bahamas has tightened its banking secrecy laws.

The new legislation, which amends the 15-year-old Banks and Trust Companies Act, is intended to close possible loopholes in the law governing the disclosure of information about banks, trust companies or their customers, many of them multinational corporations.

Although Bahamian courts have always upheld the principle of bank secrecy, a Supreme Court ruling late last year suggested that the existing law was subject to different interpretations. The changes are intended to eliminate any ambiguity.

The new legislation binds all directors, officers, employees and agents of any financial institution licensed in the Bahamas, together with its attorneys, consultants, auditors, accountants, receivers, liquidators and their employees from disclosing any information relating to the institution or to its customers and their accounts.

The law also covers the Inspector of Banks, as well as Bahamas Central Bank personnel, including attorneys, consultants, auditors and their employees.

Secrecy is considered a key element in maintaining the Bahamas as the world's leading offshore financial centre. Breach of the code, except by order of a Bahamian court, could result in a $15,000 fine and/or two years' imprisonment.

Most of the problems in the past have resulted from attempts by the U.S. Internal Revenue Service to obtain client information from Bahamian banks and trust companies. More recently, efforts by the major industrialised countries to impose some form of control over the vast Eurocurrency market have aroused concern about the type of information that might be required of foreign bank subsidiaries in the Bahamas.

Eurocurrency banks are exempt from Bahamian Exchange Control regulations and from any reserve requirements on their deposits. With the balance of payments surplus generated by OPEC likely to reach $120bn this year, market activity in offshore banking centres is expected to grow.

In the past year alone, 21 new bank and trust company licences were issued in the Bahamas. Political developments in Europe and the Middle East have also encouraged the flow of business. More than 20 branches and subsidiaries of Swiss banks are now located in Nassau.

As the largest Eurocurrency centre outside London, the Bahamas earns more than $50m annually from the 300 banks and trust companies here. Thus the Government is wary of any measures that might reduce the volume of Euromarket business passing through.

INTERNATIONAL TEXTILES

Transatlantic contrasts

BY WILLIAM COCHRANE

FIVE YEARS ago, the cyclical recession in textiles was internationally evident. Advancing Courtaulds to a September "yearend," its profits would have been only £71.4m before tax against the £128.5m reported for the year to March 1975.

But the game changed last year. Hurt badly by imports in a number of key areas, Carrington Viyella took a nasty tumble in 1979, with second-half profits of only £3.4m against £5.09m in the first six months and £9.42m in January/June, 1978. In February of this year, stockbrokers Phillips and Drew reckoned that industry results to be announced for the second half of 1979 and the first half of this year were "likely to be bleak."

For Courtaulds, P and D sees benefits from a substantial reorganisation programme and the group's heavy involvement in cellulosic (non-oil-based) products being eroded by competition—especially from the U.S.—in the Western European fabric export markets. "Some setback in profits," says P and D, "seems inevitable during 1980."

If the industry cycle moves against the U.S. textile majors Burlington Industries and J. P. Stevens and Company (No. 1 and No. 2 respectively in that market), it will be moving from a more comfortable earnings level. In fact, the current estimate from the major securities house Merrill Lynch plumps for Burlington 1979/80 earnings around last year's $2.67 a share, allowing for retrenchment of international operations which made sales of $340m and a $5.8m loss in 1978-79. Meanwhile, Merrill sees the possible fall in earnings at Stevens limited to 10 per cent from last year's $3.22 a share, still leaving a potential rise in a dividend of $1.09.

It is difficult to disassociate the contrasts between U.S. and UK earnings from last year's weakness in the dollar and the 45 per cent jump in U.S. exports of textiles and clothing which accompanied it. True, Burlington still gets only 6.3 per cent of its sales from the export markets, and Stevens' export ratio is still under 5 per cent.

But exports are only a part of the story. In the third quarter of last year, when U.S. exports of man-made fibre textiles were running 30 per cent ahead (by volume), imports were around 20 per cent lower than in the comparable period. In a cyclical, high-cost industry, even a marginal improvement in volume can make a difference in the net return.

TEXTILE COMPANY PERFORMANCES

	1975	1976	1977	1978	1979
Carrington Viyella (Year to Dec. 31)					
Sales £m	232.8	278.0	304.3	296.0	312.8
Profit before tax £m	5.56	11.86	16.06	14.51	8.49
Margin %	2.4	4.3	5.3	4.5	2.7
Courtaulds (Year to March 31)					
Sales £m	1,133.9	1,166.3	1,510.3	1,575.7	1,661.6
Profit before tax £m	128.5	46.3	80.9	53.7	64.0
Margin %	11.3	4.0	5.4	3.4	3.9
Burlington Industries (Year to Sept. 30)					
Sales $m	1,958	2,285	2,388	2,421	2,676
Profit before tax $m	75	190	143	123	137
Margin %	3.8	8.3	6.0	5.1	5.1
J. P. Stevens and Co. (Year to Oct. 31)					
Sales $m	1,123	1,421	1,529	1,651	1,833
Profit before tax $m	38.5	73.7	61.5	61.9	80.8
Margin %	3.3	5.2	4.0	3.7	4.4

INTERNATIONAL BONDS

Slight gains in dollar sector

BY PETER MONTAGNON

STRAIGHT DOLLAR Eurobonds posted average gains of about ½ point yesterday, with the market showing little reaction either way to the strong advance of the dollar on foreign exchange markets and another sharp rise in Eurodeposit rates, where six-month dollars were quoted at over 20 per cent at one stage.

Dealers said that investor interest was at a low ebb, and any business done was basically confined to month-end, and in some cases year-end position-squaring by major trading houses.

This saw a mixed market, and although prices moved higher on average, some issues which had been overbought recently posted losses on the day.

Investors, meanwhile, still apparently prefer short-term instruments for dollar placements. There are signs that some have become suspicious of the strength of the U.S. currency on exchange markets, and are thus more reluctant than ever to get locked in to long-term paper.

This may also explain the resilience of the hard currency sectors of the market. On a day when exchange market developments would normally have dictated price declines, both Deutsche-Mark foreign bonds and Swiss franc issues posted gains of about ¼ point.

Turnover in both markets was low, and investors seem to have become chary of selling at current levels, at least for the time being.

U.S. Steel goes into property

By Ian Hargreaves in New York

U.S. STEEL, America's largest steelmaker, is to carry out another diversification from its main line of business by building a 54-storey office block in Pittsburgh.

The cost of the proposal was not disclosed, but U.S. Steel said that Dravo Corporation, the design, construction and engineering services group, would be the build-

Profits surge at Banamex

By William Chislett in Mexico City

BANAMEX, MEXICO'S second biggest private bank, has reported a net profit for 1979 of Pesos 2.23bn ($96.9m) against Pesos 1.3bn in 1978. The 71.4 per cent increase in profit reflected substantial increases in all of the bank's activities.

The profit was the equivalent of Pesos 34.59 per share, compared with Pesos 26.27 in 1978.

Deposits increased by 39.8 per cent to Pesos 162.9bn ($7bn). Total assets rose by 44 per cent to Pesos 200bn ($8.69bn).

Banamex's position is a measure of the healthy state of the oil-rich Mexican economy, which this year will grow by around 7 per cent.

Financing by the bank registered a 50 per cent increase, with a total of pesos 116.7bn.

Banamex's stockbroking house, Casa de Bolsa, Banamex, consolidated its position as Mexico's main securities house with 23 per cent of the transactions handled by the market. It opened 14 new offices last year.

U.S. QUARTERLIES

AVERY INTERNATIONAL	1980 $	1979 $
First quarter		
Revenue	149.9m	132.1m
Net profits	5.79m	4.26m
Net per share	0.64	0.47

COMMONWEALTH EDISON	1979 $	1978 $
Year		
Revenue	2.78bn	2.47bn
Net profits	213.94m	235.57m
Net per share	2.46	3.02

FEDERAL COMPANY	1980 $	1979 $
Third quarter		
Revenue	251.6m	209.9m
Net profits	560,000	7.13m
Net per share	0.14	1.78
Nine months		
Revenue	734.9m	616.8m
Net profits	6.86m	23.73m
Net per share	1.69	5.92

HOUSTON INDUSTRIES	1980 $	1979 $
Fourth quarter		
Revenue	457.8m	367.8m
Net profits	27.7m	32m
Net per share	0.77	1.01
Year		
Revenue	1.9bn	1.43bn
Net profits	160.6m	136.6m
Net per share	4.70	4.40

McDONOUGH	1980 $	1979 $
Fourth quarter		
Revenue	118.8m	114.7m
Net profits	5.45m	5.36m
Net per share	1.36	1.34
Year		
Revenue	450.6m	417.8m
Net profits	21.55m	21.05m
Net per share	5.39	5.27

NATIONAL MEDICAL	1980 $	1979 $
Third quarter		
Revenue	186.5m	80.7m
Net profits	7.02m	3.36m
Net per share	0.69	0.45
Nine months		
Revenue	482.9m	226m
Net profits	18.1m	8.86m
Net per share	1.81	1.20

A C NIELSEN	1980 $	1979 $
Second quarter		
Revenue	117.2m	96.8m
Net profits	4.96m	7.31m
Net per share	0.45	0.67
Six Months		
Revenue	230.3m	187.5m
Net profits	12.5m	12.45m
Net per share	1.14	1.13

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on March 31

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alcoa of Australia 10 89	60	81½	82	+0¼	+1¼	13.57
Alex Howden XW 9½ 91	30	†66	68	-0¼	-4	16.01
Australian Res. 9¾ 84	30	94	94½	+0¼	0	14.75
Avco O/S Cap. 10½ 87	40	†75½	76	+1½	0	16.21
Beneficial Fin. 9½ 87	100	79½	80	+0¼	-0¼	14.38
CECA Gtd. Rate 12 86	100	88½	89	+0¼	-0¼	14.74
CECA 11¼ 90	50	85½	86¼	+0¼	-0¼	14.30
Canadian Pacific 9¾ 89	50	80½	80½	+0¼	0	13.56
Carteret Hawley 9¾ 86	30	80½	81¼	0	-0¼	14.55
Comalco Inv. E. 10½ 91	40	80½	80½	+0¼	+0¼	13.72
Continental Grp. 9¾ 86	100	80½	81½	+0¼	-0¼	14.41
Dome Petroleum 10 94	50	77¼	78¼	+0¼	-1	13.54
Dominion Bridge 10¼ 84	30	87	87½	+0¼	+0¼	14.47
EIB 11⅝ 92	150	89	89½	+0¼	-0¼	14.50
EIB 10.15 99	100	†73½	75½	+0½	+1¼	14.51
Exportfin 11⅜ 87	50	87¼	88½	+0¼	+0¼	14.05
Export Dv. Cpn. 9¾ 84	150	83½	84¼	0	-0¼	14.97
Export Dv. Cpn. 9¾ 84	100	84½	84½	+0¼	0	14.76
Finland 9¾ 89	100	75¼	76¼	0	-0¼	14.94
GTE Finance 9¾ 89	55	78½	79¼	+0¼	+0¼	12.75
GMAC 9¾ 86	100	80½	81¼	0	-0¼	14.01
GMAC O/S Fin. 11 84	100	89¼	89¼	+0¼	-0¼	14.12
Gould Int. Fin. 9¾ 86	50	80½	81	0	-0¼	14.64
ITT Antilles 9½ 89	75	77¼	77½	+0¼	+0¼	13.90
Kennecott Int. 9¾ 86	100	80¼	81	+0¼	-0¼	14.69
Manitoba 9¾ 89	75	78½	79¼	+0¼	0	13.89
Michelin 10 94	125	80½	76	81	-0¼	13.97
Nat. Dev. Telecom. 9¾ 86	100	81½	82	+0¼	-0¼	14.07
New Brunswick 9¾ 94	75	73½	74¼	0	-0¼	14.13
Newfoundland 10 94	50	77¼	78¼	+0¼	-0¼	13.50
Norges Komm. 9¾ 99	100	†72½	73¼	+0¼	-0¼	14.41
Norway 9½ 84	150	84½	84½	+0¼	-0¼	14.81
Nova Scotia Pwr. 9¾ 89	50	80½	80½	+0¼	-0¼	13.62
Occidental Fin. 10¼ 84	50	84¼	85½	+0¼	-0¼	14.76
Pennwalt O/S F 9¾ 84	50	84½	85	+0¼	0	14.94
Pepsico Cap. 9¾ 84	100	84½	85½	+0¼	-0¼	14.47
Quebec Hydro 10 99	75	75½	75½	+0¼	+0¼	13.67
Sears Roebuck 9 82	150	88½	89½	0	-0¼	15.76
Statoil 9¾ 89	100	78½	79¼	0	-0¼	13.69
Sweden 9½ 89	100	78½	79¼	+0¼	+0¼	13.93
Sweden 9¾ 86	200	81	81½	0	-0¼	14.88
Sweden 9¾ 84	100	84½	84½	0	0	14.71
Unilever NV 9¾ 87	100	83½	83½	+0¼	-0¼	13.24
Warner-Lambert 9 84	100	83½	83½	+0¼	-0¼	14.47

Average price changes... On day +0¼ on week -0¼

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev. Bk. 8 87	100	89½	90½	+0¼	-1¼	9.57
Asian Dev. Bk. 7¾ 89	100	80½	81	+0¼	-0¼	10.61
Australia 8¼ 89	200	86½	86½	+0¼	-0¼	9.90
Barclays O'seas 6¼ 89	100	80½	81½	+0¼	+1¼	10.08
BFCE 7¾ 87	100	91	91½	+0¼	+2¼	9.62
BFCE 8¼ 89	100	90	90½	+0¼	+1¼	9.52
Brazil 8 87	150	87¼	88½	+0¼	+1¼	10.37
CECA 7 91	100	84	84¼	0	+1	9.45
Council of Eur. 7¾ 89	100	86½	86½	-0¼	+0¼	9.53
Denmark 7¾ 86	100	89½	90½	0	+0¼	10.25
Denmark 8¼ 92	100	87½	88½	+0¼	+1½	10.08
EEC 7¾ 94	225	87¼	88	+0¼	+2	9.46
EIB 7¾ 91	200	85½	86	+0¼	+1¼	10.03
Finland Rep. of 8 86	150	93	94	+0¼	+1¼	9.48
Kobe, City of 7¾ 89	100	82¼	83¼	+0¼	+0¼	9.91
Neder. Gasunie 8 84	100	191	92	0	0	10.38
New Zealand 7¾ 87	200	85¼	86½	+1	6¼	9.85
Norges Komm. 7¾ 91	150	86½	87½	+0¼	+2¼	9.69
Norway 7¾ 85	250	92¼	93¼	+0¼	+1¼	9.31
OKB 7¾ 89	100	83½	84	+0¼	+0¼	10.31
Oslo, City of 8¼ 90	100	85	87	+0¼	+0¼	9.93
World Bank 7¾ 91	400	83½	84½	-0¼	+0¼	10.24
World Bank 7¾ 90	250	87½	88½	+0¼	+1½	9.79

Average price changes... On day +0¼ on week +1¼

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 5½ 89	80	86½	87¼	+0¼	+0¼	7.47
Aumar 4¾ 94	50	84	84¼	+0¼	+1½	6.36
Australia 3¾ 89	250	78½	79¼	+0¼	-1¼	6.73
Bergen, City of 4¾ 91	40	83½	84¼	+0¼	+1¼	6.96
BNDE 5 89	100	82½	82½	+0¼	-1¼	7.73
BMW Overseas 4¾ 91	100	85½	86	+2	+2½	5.99
Caisse Nat. Tele 4¾ 89	100	80½	80½	0	+0¼	6.67
CCCE 5¾ 90	100	86½	86½	+0¼	+1	6.90
Copenhagen 4¾ 91	60	76½	76½	+0¼	+1	7.62
Council of Eur. 5 89	100	91¼	91½	0	+0¼	7.17
EIB 4¾ 91	100	82½	83	+0¼	+0¼	6.72
EIB 4¾ 94	100	80½	80½	+0¼	+0¼	6.91
Elet. de France 4¾ 89	100	83½	84	+0¼	+0¼	6.89
GZB 4¾ 89	100	84½	85	+0¼	+0¼	6.74
Hilti 4¾ 91	30	88¼	89	+0¼	+0¼	5.61
Int.-Amer. Dev. 4¾ 89	100	80½	80½	+0¼	-1¼	7.44
Jutland Tele. 5¼ 90	30	84½	84½	+0¼	+1¼	6.94
Malaysia 5 89	80	84½	85	+0¼	+1¼	7.27
Nippon Tel. & T. 4¾ 89	100	84½	85	+0¼	+0¼	6.34
Nordic Bank 5 89	45	90	90½	0	+1	6.42
Norges Komm. 4¾ 91	100	80½	80½	0	0	6.87
OKB 3¾ 91	100	78½	77	-1¼	+2½	6.35
OKB 4¾ 91	100	85	85½	0	+0¼	6.57
OKB 6 90	100	100	100¼	0	0	6.10
Oslo, City of 4¾ 91	100	79½	80	+0¼	0	6.95
Shikoku El. Pwr. 4¾ 89	100	86½	86½	0	+1½	6.77
Stewe-... 4¾ 91	60	84½	85	0	-0¼	6.75
Voest-Alpine 4¾ 89	100	86	86½	-0¼	+1¼	6.95
World Bank 4¾ 89	100	86	86½	+0¼	+1¼	6.64
World Bank 4¾ 91	150	80½	81	0	-0¼	7.28
World Bank 4¾ 91	100	79½	80½	-0¼	-1	7.09

Average price changes... On day +0¼ on week +0¼

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	30	82	83	+1½	+1½	11.91
Australia 6¼ 88	20	72½	73½	+0¼	+0¼	10.72
EIB 7¼ 90	12	76½	77½	0	+1	11.29
Finland 5.6 83	10	182	83	-0¼	+1½	11.89
Finland 6.8 88	10	74½	75½	+0¼	0	11.23

Average price changes... On day +0¼ on week +0¼

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Avco Fin 10½ 86 C$	25	†79½	80½	+0¼	-0¼	15.52
Bell Canada 10¼ 87 C$	50	85½	86½	+0¼	-0¼	14.24
Cr. Foncier 10¼ 84 C$	30	86½	88	+0¼	-0¼	14.28
Ex. Dev. Cpn. 10 84 C$	50	†85½	86¼	+0¼	-0¼	14.74
Fst. Can. Inv. 10 84 C$	50	†85½	86½	+0¼	-0¼	14.69
Hudson Bay 10½ 89 C$	60	†78½	79	+0¼	+0¼	14.93
Quebec 10¼ 86 C$	50	†81½	83½	0	-0¼	14.83
R. Bk. Canada 10 86 C$	40	84⅝	85½	0	-0¼	13.80
R. Bk. Canada 10 94 C$	40	75¼	75¼	0	-0¼	14.07
Copenhagen 8¾ 91 EUA	20	87	89	0	-0⅞	10.59
M. Bk. Dnmk. 9 91 EUA	25	89	91	+0½	-2¼	10.51
SOFTE 8¾ 89 EUA	40	†82	84	+1½	+1¼	11.36
U. Bk. Nrwy. 9½ 90 EUA	18	97½	98½	0	-0¼	9.80
Algemene Bk. 8¾ 84 Fl	75	90¾	91¼	-0¼	-0¼	10.87
Ned. Gasunie 8¾ 84 Fl	50	89¾	89¾	-0¼	-0¼	12.02
Ned. Middbk. 8¾ 84 Fl	75	89	89½	+0¼	-0½	11.77
Norway 8¼ 84 Fl	100	†90	90½	-0½	-0⅝	11.44
Norway 8⅞ 84 Fl	100	90¾	91⅛	-0¼	-0⅝	10.85
Philips Lamps 8¾ 84 Fl	75	90½	91	-0⅛	-0⅝	11.36
Air France 11 84 FFr	120	89	89¼	0	-1⅛	14.33
CECA 14¾ 86 FFr	150	98	98¾	—	—	14.67
Euratom 9¾ 87 FFr	150	79½	80¼	0	-0⅝	14.41
Finland 11 84 FFr	80	87¾	88½	0	-0⅞	14.71
Finland 11½ 89 FFr	70	83¾	84½	0	0	14.66
Gaz de France 11 84 FFr	150	88¼	89	-1½	-1½	14.51
IBM France 11⅞ 84 FFr	120	89½	90¾	+0¼	-0¼	14.88
Renault 9¾ 85 FFr	100	82	83	0	+0⅝	14.72
Saint-Gobain 9¾ 86 FFr	130	80⅛	80⅞	0	-0⅝	14.79
Solvay et Cie 9¾ 87 FFr	125	77	78	0	-0⅞	15.15
Citicorp O/S 13½ 90 £	50	90	90¾	0	-0¾	15.44
EIB 11½ 91 £	25	81½	82½	-0⅛	+1⅛	14.90
Finance for Ind. 13 91 £	15	86⅞	87⅝	-0⅛	+0⅛	15.48
Fin. for Ind. 12½ 89 £	30	84⅝	85¼	+0½	-0⅜	15.64
Fin. for Ind. 14½ 88 £	20	94¾	95½	-0¼	-0¼	15.60
Gen. Elec. Co. 12¼ 89 £	50	88⅞	89¾	+0⅛	+0⅝	14.73
Indonesia 8¾ 91 KD	7	†93	93½	0	0	9.75
Mitsubishi 7½ 84 KD	10	†89½	90	-2¼	-2¼	10.54
Norges Kom. 7½ 89 KD	12	†93⅜	93⅞	0	0	8.53
Occidental 8¼ 91 KD	7	†90¼	90¾	0	0	9.68
Akzo 9¼ 87 LuxFr	500	83¼	84½	-0⅛	-0⅞	12.72
Euratom 8 87 LuxFr	500	77¾	78⅞	+0½	+0⅜	13.01
Euratom 9¾ 88 LuxFr	500	87¼	88¼	+0¼	+1⅛	12.26
EIB 9¾ 88 LuxFr	600	89⅛	90¼	+0½	+1⅛	11.81
Volvo 9¾ 87 LuxFr	500	86⅞	87⅞	+0⅛	+0⅞	12.54

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bk. 5¼ 87	0¼	96⅝	96⅞	2/7	15⅛	15.65
Banco di Roma Int. 6 87	0¼	98½	99	26/4	15¾	15.95
Bank of Ireland 5¾ 89	‡0¼	96½	97	21/5	16⅛	16.67
Bank of Tokyo 5¾ 89	‡0⅛	96¾	97¼	25/4	14.56	15.01
Barclays O/S Inv. 5 90	0¼	96⅝	96⅞	13/6	14¼	14.75
Bergen Bk. A/S 6 89	‡0¼	96⅝	97½	29/5	17⅛	17.81
Bque. Indo Suez 5¼ 89	0⅛	96⅞	97⅛	11/7	14.89	15.12
Citicorp O/S F. 6 94	‡0¼	99	99½	8/6	18.81	18.95
Citicorp O/S F. 83	§‡0	99⅜	99⅝	23/5	16.06	16.18
Citicorp O/S F. 84	‡0	99½	99⅞	30/5	16.94	17.00
C. Itoh 5¼ 87	0¼	98⅛	98⅞	18/9	19.44	19.71
Co-operative Bk. 6 86	0¼	97¼	97¾	15/1	15.06	15.45
Creditanstalt 5½ 91	§‡0¼	98½	98⅞	14/6	18.44	18.69
CNT 5¾ 86	§0⅛	99	99½	16/4	15.19	15.30
GZB 5½ 89	‡0⅛	97⅛	97⅜	1/5	14⅝	15.00
Jugobanka 8 89	0⅞	92	93	23/5	16	17.30
Ind. Bank Japan 5¼ 87	0¼	97⅜	98⅛	15/4	14⅛	14.54
LTCB Japan 5¾ 86	0⅛	96½	97	13/6	14⅛	14.73
LTCB Japan 5½ 89	0⅛	96¼	96¾	7/6	14.19	14.70
Mfrs. Han. O/S 5¾ 94	‡0⅛	98⅜	98⅞	30/5	17⅛	17.36
Midland Intl. Fin. 5 89	0¼	97¾	98¼	20/6	15	15.31
Nacional Fin. 6¼ 86	0¼	96⅝	96⅞	26/7	14.69	15.20
Nat. West. 5¼ 94	§0¼	97⅝	98⅛	11/4	14.94	15.26
Nippon Credit 6½ 86	0⅛	95½	96	12/7	14.44	15.08
Nippon Credit 5¼ 87	‡0¼	96¾	97¼	6/5	14.69	15.14
Royal Bk. Scot. 5¾ 94	§‡0¼	98⅜	98⅞	11/4	14⅝	14.83
Soc. C. de Bque. 6½ 87	0¼	97	97½	3/4	13¼	13.62
Sogenal 5¼ 89	§0¼	†96½	97	13/7	14.44	14.92
Standard Chart. 5¼ 90	0¼	97⅞	98⅛	6/9	17¼	17.58
Sweden 8¼ 91	‡0¼	†96⅞	97⅛	18/4	14.44	14.87
TVO Pwr. 9 91 (D-lock)	0¼	96½	97	24/6	15.31	15.83
Williams & Glyn 5¼ 91	0¼	97⅞	98⅛	14/6	18½	18.98
Bq. E. d'Alg. 4¾ 89 SF	0⅞	88	89	18/6	6.69	7.58

Average price changes... on day 0 on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
AGA Akt'bolog 7¾ 89	10/79	145	99	100	-1½	-13.6
Ajinomoto 7¾ 95	2/80	618	85¼	86¼	-0⅞	-0.4
Alco Int. Fin. 9½ 94	1/80	40	82	83½	+0⅞	24.9
Asahi Optical 7 94	11/79	606	82½	83⅛	+2⅜	16.4
Canon 6¾ 94	8/79	570	96⅛	97⅛	+1⅞	5.8
Ciba-Geigy O/S F. 4 94	9/79	675	60	61	-2⅞	0.9
Credit Suisse 4¾ 93	10/79	1325	84⅜	85⅝	+0⅛	-6.6
Daiei Inc. 6½ 94	11/79	1020	88⅞	89⅞	+0¼	39.0
Enserch Fin. 9½ 94	7/80	30.25	95	96	-0¼	7.0
LPC Internatnl. 8 89	9/79	23.33	82⅞	83⅞	+1⅝	17.5
Meidensha Elec. 7 94	12/79	210	85⅝	86⅝	+0⅝	8.7
Mitsubishi Cp. 6½ 94	10/79	604	113⅜	115⅞	+1⅞	25.6
Nippon Seiko 7¼ 94	12/79	339	93¼	94¼	+0⅝	-0.9
Nitto Elec. Ind. 6 94	7/79	735	63⅛	64⅛	-0⅛	-0.4
Toshiba Cpn. 7¼ 94	10/79	198	86	87	-0⅝	5.5
Union Bk. Switz. 5 89	2/80	125	83⅛	84⅛	-1⅝	-14.3
Fujitsu 5 84 DM	7/79	475	88¾	89½	+0⅛	9.6
Kansai Elec. 4 84 DM	4/79	1234	79½	80½	+1	43.2
Tokyo Ld. Cp. 4 86 DM	4/79	493	71	72	0	39.9
Uny Co. 6½ 85 DM	11/78	1071	86⅞	87⅞	0	30.5

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

LATIN AMERICAN STRATEGY

VW raises stake in Argentina

BY KEVIN DONE IN FRANKFURT

VOLKSWAGEN, West Germany's largest car manufacturer, has increased its stake in the Argentinian car-making operation it is taking over from Chrysler to 96 per cent.

It has acquired all the shares in Chrysler Fevre Argentina, which were previously held by Chrysler's Swiss subsidiary, Chrysler International (SA) Genf.

In recent months Volkswagen had built up its interest in the Argentinian company to 49 per cent as part of a far-reaching expansion throughout Latin America.

No official figures have been released by VW for the cost of its takeover, but industry estimates suggest it could be around DM 500m ($259m) including a sum for initial capital expenditure.

The present production programme of the former Chrysler concern is to be maintained, but VW models will also be gradually introduced to the range over the next few years.

It is thought that CFA sales reached a record level last year of some 35,000 units. The withdrawal of Chrysler from some of its major interests in South America over the last 18 months has worked strongly to VW's advantage. Last year it also took a 67 per cent stake in Chrysler do Brazil, Chrysler's Brazilian manufacturing subsidiary.

VW plans to develop its Brazilian and Argentinian subsidiaries in close co-operation with the exchange of both vehicles and parts. VW technology and quality control will be introduced gradually into the Argentinian plants and it is understood that a diesel engine facility for the supply of motors to the Brazilian companies is under discussion as part of future expansion plans.

VW is building rapidly on its manufacturing presence in Latin America—factories have now been established or taken over in Brazil, Argentina and Mexico—and it is also planning to set up assembly plants in Peru, Venezuela and Ecuador.

● Kali und Salz is to pay out a dividend of seven marks per 50 mark share for 1979. The group paid a four-mark dividend in 1978 and added a bonus of one mark for a total payout of five marks per share.

Management announced that preliminary figures showed profits rose sharply in 1979 to DM 45m ($23.33m) from DM 25m in 1978.

Sales rose 13 per cent to DM 1.28bn ($660.36m) in 1979. Exports accounted for 43 per cent of total sales and benefited from considerable growth in other European Community states.

The company invested DM 127m during the year, up from DM 114m.

Big outlay by Svenska Cellulosa

By Victor Kayfetz in Stockholm

SVENSKA CELLULOSA (SCA), the Swedish forest products, machinery and power group, plans to convert one of its North Swedish mills from kraft paper to fine paper production and to build a new chemical thermo-mechanical pulp (CTMP) plant nearby at a total cost of SKr 270m ($61m).

The announcement represents the first large investment decision by an energy-intensive industry in Sweden following the referendum on March 23 in which 58 per cent of voters approved the expansion of the country's nuclear power programme.

The Wifstawarf kraft paper mill at Timra near Sundsvall, which has made substantial losses since the mid-1970s, is to be converted at a cost of SKr 160m to production of 150,000 tonnes per year of wood-free printing and writing paper.

SCA plans to market the products of the new mill in partnership with the West German company PWA Grafische Papiere, the leading fine paper producer in Western Europe with a capacity of 550,000 tonnes per annum. The collaboration will take place through a company to be called Wifstawarf AB, owned in equal shares by SCA and the West German group which will own the Swedish fine paper mill.

SCA is planning to build its new CTMP unit at Ostrand, near Wiftstawarf. It will turn out 50,000 tonnes of pulp a year at first and will cost SKr 110m. Capacity can be doubled later.

The pulp produced, using a new method developed by SCA's forest industry equipment company, Sunds Defibrator, will be used mainly for hygiene products made by another SCA subsidiary, Mölnlycke.

Static profits from Dresdner

BY OUR FRANKFURT STAFF

DRESDNER BANK, the second largest of the West German commercial banks, boosted group business volume by 12 per cent last year to DM 153bn ($79.3bn), but its reported profit performance gives further confirmation of the difficult conditions facing the West German banking sector.

Those activities of the Dresdner group which are consolidated produced an increase in the concern's balance sheet total of 9.2 per cent to DM 121.3bn last year. At the same time net income could manage only a marginal 0.7 per cent increase to DM 277m.

The figures do not necessarily reflect entirely accurately the profit performance, however, as Dresdner, in common with all West German banks takes full opportunity to credit hidden reserves.

As a result of the slump in domestic bond prices Dresdner had to write down its securities portfolio by well in excess of DM 100m last year, although Dr. Hans Friderichs, executive chairman, refused to give a more precise figure.

The poor performance of the banks has been reflected for several months in the West German stock markets. Last year the banking sector share index declined by fully 17.1 per cent, well in excess of the average share price fall of 11.5 per cent.

The banking sector's interest margin has been squeezed hard by rising money market interest rates and the restrictive monetary policy being pursued by the Bundesbank, the West German Central Bank.

Dr. Friderichs said he did not expect the bank's interest margin business to be any "easier" this year. Of the increase in commission well over half of the rise was attributable to activities in foreign business, foreign exchange and gold trading.

Last year was marked by a strong expansion of demand for credit, particularly from small and medium-sized companies and from private customers.

● Bayerische Hypotheken- und Wechsel-Bank, one of the major West German regional banks, sees little prospect of improving its earnings this year judging from the performance of the first two months.

The increase in the bank's income fell well behind the rise in the volume of business. At the end of 1979 the Hypo's consolidated balance sheet total had risen to DM 72.7bn, an increase of 13 per cent, while its reported net income rose by 2 per cent to DM 117.6m.

The foreign expansion of the Bayerische Hypo has lagged behind most other major West German banks in recent years, but during 1980 it is planning to change its London representative office into a full branch.

Heineken's year of expansion

BY CHARLES BATCHELOR IN AMSTERDAM

HEINEKEN, the Dutch brewer and drinks group, increased its acquisition activity ten-fold in the 15 months ended in December. It spent Fl 42m ($20m) on five transactions compared with Fl 4.3m in the preceding 12-month period, explains the company's annual accounts.

Heineken took full control of the London distiller, Duncan Gilbey and Matheson, after previously holding just over a third. It bought the Dutch distillery Jacques Hennekens and increased its stake in the Italian Dreher Group from 90 per cent to nearly 100 per cent. Heineken also raised its stake in Athenian Brewery from 55 per cent to 83 per cent and took a 75 per cent holding in Brasserie de l'Indonesie.

It reduced its holding in Surinaamse Brouwerij from 43 per cent to 38 per cent, while Government efforts to increase local participation in business led to a reduction of shareholdings in Zaire from 44 per cent to 30 per cent and, in Nigeria, from 20 per cent to 13 per cent.

Heineken expects its results to continue "at a satisfactory level" in 1980 with the international spread of its activities allowing adverse developments in one area to be compensated by improvements elsewhere.

It describes the 1978-79 results as "reasonably favourable" with activities outside the Netherlands contributing a larger share of both sales and profits.

The last accounting period covered 15 months: net profit was Fl 143.6m ($68m) on sales of Fl 3.49bn, while, on a calendar year basis, net profit rose 5.9 per cent on sales up 7.5 per cent. Foreign currency movements had a negative impact on the results, wiping Fl 128m off sales and Fl 10m off net profits.

Beer sales by Heineken and its affiliated companies worldwide rose 5 per cent to Fl 24.5 hectolitres. Beer accounted for 75 per cent of total sales, fresh drinks for 8 per cent and spirits and wine for 12 per cent.

Dollfus reorganisation sets off sharp recovery

BY TERRY DODSWORTH IN PARIS

THE reorganisation launched two years ago at Dollfus-Mieg, the French textile group, has led to a sharp recovery for 1979. Net consolidated profits will amount to about FFr 65m ($14.8m), compared with a loss of FFr 14.7m in 1978.

Dollfus says that this improvement has been based on a rapid acceleration in turnover, which was 17 per cent up on the previous year at FFr 4.5bn. It now intends to build on these results by increasing its equity base and says that shareholders will meet shortly to vote on measures to increase the capital.

The upswing in the Dollfus figures also indicates an improvement in productivity. In 1978, the group began a rationalisation plan which resulted in about 1,000 redundancies out of a labour force of 16,000. At the same time, it reorganised its product line towards more high quality products.

Parent company profits last year amounted to about FFr 1m against losses of FFr 60.7m, and the group is proposing a net dividend of FFr 6.

* * *

Empain-Schneider, the industrial conglomerate, recorded sales of FFr 35bn last year, up 17 per cent from 1978. New orders in 1979 amounted to FFr 38bn, an increase of 30 per cent on the year-earlier figure of FFr 29.3bn.

Australian residents allowed to increase overseas investments

BY JAMES FORTH IN SYDNEY

THE AUSTRALIAN Government has relaxed foreign exchange controls which restricted the amount of portfolio investment by Australian companies and individuals. The changes, to be introduced today, will mean that individuals can increase investments in equity and real estate from A$10,000 a year to A$40,000 ($US43,500) a year.

Public companies and institutions will have their limit raised from A$1m to A$12.5m ($US13.6m), while substantial private companies will have a new limit of A$250,000. Announcing the changes in the Federal Parliament, Mr. John Howard, the Federal Treasurer, said that the measures more than offset the effects of inflation since the present limits were set in September, 1972.

The relaxation also applies to fixed interest securities where the term is longer than 12 months. Individuals may now also invest annually up to A$10,000 in such securities, substantial private companies up to A$100,000 and public companies and institutions up to A$1m.

Mr. Howard said it would still be necessary to obtain exchange control approval for all portfolio investments overseas.

Gain at Australian Agricultural

BY OUR SYDNEY CORRESPONDENT

AUSTRALIAN Agricultural Company, the pastoral group, more than trebled its earnings in 1979, from A$2.33m to A$7.8m (US$8.3m). The dividend has been raised from 10 cents a share to 25 cents, which includes a "special" element of 10 cents a share "because of the exceptional result achieved in 1979." The dividend is covered by earnings of 54 cents a share compared with 16.6 cents in 1978.

Advance by Hong Kong property developer

By Anthony Rowley in Hong Kong

NEW WORLD Development Company, a leading Hong Kong-Chinese real estate development group, whose other interests include hotels, tourism, construction and engineering, has announced net profits of HK$342.8m (US$67.6m) for the six months to December 31 compared with HK$60.5m for the corresponding period of 1978/79, the latest profit includes extraordinary gains of HK$217m against gains of under HK$20m a year earlier.

Even so, interim profits were still doubled after stripping out extraordinary items, reflecting the buoyant state of the property market in Hong Kong. New World, which is headed by Mr. Ho Sin-Hang, has a number of major properties under development including the extensive New World Centre project in Hong Kong's main business district.

The company said the extraordinary profits in the first half arose from the sale of a residential property and of shares in the Hongkong and Shanghai Hotel group.

Recent rent control legislation—which limits the increase in residential rents to 21 per cent over two years—would probably cause property buyers and speulators to adopt a wait and see attitude, New World said. But this would have little effect on its own profits because of the balance between rental income and property sales.

Mitsui Bank exceeds loan guideline grace period

BY CHARLES SMITH IN TOKYO

OUTSTANDING LOANS by Mitsui Bank to its sister organisation Mitsui and Co. were equivalent to 30 per cent of the bank's owned capital at the close of business last night, in contravention of a Finance Ministry guideline which states that banks should limit their loans to individual corporate borrowers to 20 per cent of the bank's owned capital.

Mitsui Bank is the only major Japanese city bank to have failed to comply with the MOF guideline, which was first announced in December, 1974, but with a five year grace period. The guideline took effect this morning.

Mitsui Bank's president, Mr. Masahiko Seki, yesterday sent a letter to the Ministry of Finance outlining a programme under which the Bank hopes to conform to the Ministry guideline within two years, and explaining the reasons for its failure to meet today's deadline.

The letter is thought to have pointed out that Mitsui Bank had cut its loans to Mitsui and Co. from 79 per cent of its owned capital in 1974. It is also noted that loan repayments by Mitsui and Co. over the five year period totalled Y75bn ($300m)—almost exactly the same as repayments made over the same period by Mitsubishi Corporation to Mitsubishi Bank.

Mitsubishi Corporation's repayments to its sister bank were enough to reduce its borrowings to less than 20 per cent of Mitsubishi Bank's owned capital, because the owned capital of Mitsubishi Bank, fourth largest of the Japanese city banks, is relatively large. Mitsui Bank ranks in only eighth position among the city banks but is the main bank of Mitsui and Co. and many other member companies of the Mitsui group. The discrepancy in size between Mitsui Bank and the group to which it belongs is the main reason why difficulties have arisen in meeting the Finance Ministry guidelines.

The Ministry of Finance, the immediate concern of which is to see this year's budget safely through the Diet, is not expected to decide for some weeks on how to deal with Mitsui Bank's failure to observe its guideline, which lacks the force of law but nevertheless carries the weight of the Ministry's authority. It has been suggested that the Ministry might retaliate by restricting Mitsui's freedom to open new branches inside or outside Japan. Mitsui points however that this would in the long run hinder the bank's efforts to increase its capital and thus make it still harder to conform to the Ministry of Finance guideline.

The MOF guideline was aimed at discouraging an excessive concentration of ownership in industry, backed by borrowed funds. The measure is thought to have been aimed especially at large trading companies which are heavily dependent on borrowed capital and which were commonly believed to be persuing an aggressive business strategy in the early 1970s.

Apart from Mitsui and Co., three other Japanese companies had excess borrowings as defined by the MOF guidelines when the deadline took effect last night. They were Tokyo Electric Power, AC Sangyo, the successor company of the defunct Ataka and Co., and Saka moto Spinning. Tokyo Electric was granted formal exemption from observing the guideline some months ago, while AC Sangyo and Sakamoto (a formerly bankrupt company now under reconstruction) are both regarded as special cases.

NISM profits jump

BY GEORGIE LEE IN SINGAPORE

NATIONAL Iron and Steel Mill (NISM) Singapore's only steel mill, has reported its highest ever pre-tax profits for the year ended December 1979. The surplus rose by 25 per cent to S$47.2m (U.S.$ 21m), surpassing the 1974 record of S$42.1m.

Group net profit increased by 28 per cent to S$27.9m after tax up by 21 per cent at S$19.3m.

Group operating profit rose by 20 per cent to S$41.8m and group turnover grew by 38 per cent to S$247.5m. Investment and interest income amounted to S$4.8m, an increase of 30 per cent.

NISM has proposed a final gross dividend of 8 per cent and a bonus gross dividend of 5 per cent which, together with the interim dividend of 13 per cent paid last year, make a total of 26 per cent for the full year. For 1978, NISM paid dividends amounting to 16 per cent gross and 6.5 per cent tax exempt.

UIOH pulls out of UIC bid

By Our Singapore Correspondent

THE TAKEOVER battle for United Industrial Corporation (UIC) has taken a new turn with the announcement over the weekend of United Industrial Overseas Holdings' (UIOH) withdrawal of its unconditional offer for UIC shares at S$4.00 per share.

The Development Bank of Singapore (DBS) said in a brief announcement on behalf of UIOC, that acceptances received to date will be returned to shareholders who are now released from their obligations. UIOH's offer was formally made on March 14 and was due to close on April 18.

DBS disclosed that on March 27, UIOH applied to the Securities Industry Council for permission to withdraw the offer and was given consent to do so on March 29. UIOH gave no reason for the abrupt withdrawal, but DBS has promised further details to shareholders as soon as possible.

With UIOH's withdrawal, the bidder left is Hang Lung Development of Hong Kong, which has offered S$4.50 per UIC share.

Costs hit China Motor Bus

By Our Hong Kong Correspondent

CHINA MOTOR Bus Company, one of the two main utilities operating bus services in Hong Kong, has reported a group net profit for the six months ended December 31 of HK$12.14m (US$2.4m) against HK$9.73m in the first half of the previous year.

The profit is after a transfer from the company's development fund of HK$8.86m against a transfer to the fund of HK$2.94m in the previous year. Pre-tax profits, which exclude such transfers, were HK$3.77m in the first-half against HK$14.9m in the first half of 1978-79.

The company attributed the sharply lower profit before transfers to higher costs for diesel oil and wages. The interim dividend is being maintained at 60 cents.

United Mizrahi acquisition

BY L. DANIEL IN TEL AVIV

UNITED MIZRAHI BANK is now safely ensconced as Israel's fourth largest bank after the acquisition of the Israel Government's share in Tfachot Mortgage Bank—the country's largest mortgage bank—for a cash payment of I£701m (about $17.5m).

The Government had had voting control (51.8 per cent) since the bank was established in 1945 to assist in public housing projects. Its equity holding is 17.1 per cent.

United Mizrahi is now conducting negotiations with the two other major shareholders—Clal, Israel's largest investment company, which has 32.4 per cent of the equity and 20.8 per cent of voting rights, and the Israel Investors Corporation which has 19.7 per cent of the equity and 16.3 per cent of voting rights, to acquire part of their holdings.

● Israel is in the process of replacing the Israeli pound with the Shekel, at a conversion rate of I£10=IS 1.

CURRENCIES, MONEY and GOLD

£ & $ very firm

STERLING and the U.S. dollar were both very firm in currency markets yesterday. The dollar was underpinned by high Euro-dollar rates, with three-month deposits reaching a record 20¼ per cent. Demand for the U.S. unit was high ahead of the end of the month and fiscal year, but the undertone was nevertheless very strong. Against the D-mark it finished at its best level of the day at DM 1.9510, the highest level seen since September 1978, and well up from Friday's close of DM 1.9290, despite considerable central bank intervention. Similarly against the Swiss franc, it rose to SwFr 1.8510, its best level since June 1978, and compared with SwFr 1.8250 on Friday. The Japanese yen remained on the sidelines, with the dollar finishing at Y249.85 against Y249.60.

On Bank of England figures, the dollar's trade weighted index rose from 90.3 to 90.8, its highest level since January 1978.

Sterling was steady on a trade weighted basis, and its index remained at 72.6. This tended to reflect the strength of sterling, for while its index remained the same, it lost a cent against the dollar. The pound's improvement came against European currencies, rising to DM 4.2250 against the D-mark, its best level since July last year, and compared with DM 4.1950 on Friday. Against the Swiss franc it closed at SwFr 4.0075, the first time it has been above SwFr 4.0 since November 1977. The pound was at an all time high against the lira, finishing at L1,944.5 compared with L1,940.5.

In dollar terms sterling opened at $2.1760 and rose to $2.1785 before coming back to $2.1675 around noon. Further demand for the dollar saw sterling fall to a low of $2.1610, but it recovered slightly to close at $2.1635-2.1645, a fall of one cent from Friday.

D-MARK—One of the weakest members of the European Monetary System just recently, reflecting the steady rise in the U.S. dollar, higher interest rates and expectations of a continuing balance of payments deficit in Germany. The dollar was fixed at its highest level since September 1978 in Frankfurt at DM 1.9419, compared with DM 1.9298 on Friday. The dollar was firmer on the latest increase in U.S. interest rates, and the Bundesbank sold nearly $50m at the fixing to stem the rise. Elsewhere the D-mark was weaker overall. Sterling rose to DM 4.2140 from DM 4.1940, and the Belgian franc was firmer at DM 6.239 per BFr 100 from DM 6.236.

BELGIAN FRANC—Normally weak within the EMS, but continued central bank intervention and record interest rates have lifted the franc off the floor and level with the D-mark—The franc showed mixed changes in Brussels yesterday, losing ground to the very strong dollar and sterling, but improving against the D-mark and French franc. The dollar rose to BFr 31.17 at the fixing compared with BFr 31 previously, and sterling was higher at BFr 67.6975 against BFr 67.22. The D-mark fell to BFr 16.04 from BFr 16.0455 and the French franc was weaker at BFr 6.9575 from BFr 6.9585.

JAPANESE YEN — Energy problems reflected in sharp decline last year, which after a slight pause has been renewed, resulting in a support package and heavy central bank intervention — Trading took place within a fairly narrow band ahead of the month end, and the dollar finished at Y249.75 in Tokyo, hardly changed from Friday's level of Y249.775.

THE POUND SPOT AND FORWARD

March 31	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.1610-2.1785	2.1635-2.1645	0.33-0.43c dis	-2.11	0.70-0.80dis	-1.39
Canada	2.5755-2.5890	2.5775-2.5785	0.70-0.80c dis	[illegible]	[illegible]	[illegible]
Nethlnd.	4.58-4.64	4.62-4.63	3½-2½c pm	7.13	8½-7½ pm	6.92
Belgium	67.25-67.80	67.60-67.60	10c pm-par	0.89	20-10 pm	0.89
Denmark	13.02-13.10	13.06-13.07	3½-4½ore dis	-3.67	10-11¾ dis	-3.33
Ireland	1.1120-1.1195	1.1185-1.1195	0.05p pm-par	0.27	0.11-0.05 pm	0.30
W. Ger.	4.18-4.22½	4.22-4.23	3¼-2½pf pm	8.52	9¼-8¼ pm	8.18
Portugal	110.10-111.10	110.20-110.40	5-45c dis	-2.72	par-115 dis	-2.08
Spain	156.30-156.70	156.60-156.70	80-120c dis	[illegible]	[illegible]	[illegible]
Italy	1,941-1,949	1,944-1,945	5½-3½ lire pm	2.78	2½-4½ dis	-0.72
Norway	11.16½-11.25½	11.21-11.22	2½-1½ore pm	2.14	9¾-7¼ pm	3.03
France	9.67-9.74½	9.71½-9.72½	4½-3½c pm	4.63	10½-9½ pm	4.11
Sweden	9.66½-9.71½	9.68½-9.69½	3½-3ore pm	4.18	11-10 pm	4.33
Japan	538-546	540½-541½	1.40-1.00y pm	2.66	3.60-3.20 pm	2.51
Austria	30.00-30.25	30.15-30.20	21-16gro pm	7.36	62-52 pm	7.55
Switz.	3.96½-4.02	4.00¼-4.01½	4½-3½c pm	11.98	11½-10½ pm	10.92

Belgian rate is for convertible francs. Financial franc 69.80-69.90. Six-month forward dollar 1.30-1.40c dis, 12-month 1.00-1.10c dis.

THE DOLLAR SPOT AND FORWARD

March 31	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.1610-2.1785	2.1635-2.1645	0.33-0.43c dis	-2.11	0.70-0.80dis	-1.39
Ireland†	1.9310-1.9455	1.9310-1.9320	0.10-0.20c dis	-0.93	0.35-0.45 dis	-0.83
Canada	1.1884-1.1918	1.1915-1.1918	0.45-0.40c pm	4.28	1.23-1.13 pm	3.96
Nethlnd.	2.1100-2.1360	2.1295-2.1305	1.71-1.64c pm	9.45	4.88-4.38 pm	8.73
Belgium	30.99-31.23	31.21-31.23	9-7¼c pm	3.17	18-15 pm	2.18
Denmark	6.0190-6.0375	6.0275-6.0300	0.75-1.25ore dis	-1.99	3.00-3.50dis	-2.16
W. Ger.	1.9270-1.9515	1.9505-1.9515	1.85-1.75pf pm	11.07	4.72-4.62 pm	9.57
Portugal	50.95-51.23	51.18-51.28	5c pm-10 dis	-0.58	15 pm-30dis	-0.76
Spain	72.10-72.48	72.40-72.45	20-45c dis	-5.39	65-95 dis	-4.41
Italy	895.40-898.50	898.00-898.50	4.3½ lire pm	4.34	4¼-3¼ pm	1.67
Norway	5.1600-5.1730	5.1725-5.1730	1.35-1.45ore pm	3.54	5.35-4.35 pm	4.39
France	4.4475-4.5060	4.5060-4.5090	2.40-2.25c pm	6.21	6.00-5.75 pm	5.23
Sweden	4.4565-4.4790	4.4625-4.4635	2.55-2.35ore pm	6.59	6.55-6.35 pm	5.78
Japan	249.70-250.10	249.80-249.90	1.20-1.05y pm	5.40	2.90-2.45 pm	4.04
Austria	13.85¼-13.94¼	13.93¼-13.94¼	11.50-10.60gro pm	9.60	32.50-30.00	8.95
Switz.	1.8330-1.8520	1.8505-1.8515	2.20-2.15c pm	14.20	5.80-5.72 pm	12.45

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY RATES

Mar. 28	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	17	0.577386	0.602760
U.S. $	13	1.25570	1.30980
Canadian $	14	1.49059	1.55447
Austria Sch.	6¾	17.5425	18.0097
Belgian F.	14	38.9267	40.5775
Danish K.	13	7.51725	7.85879
D'Mark	7	2.42325	2.53249
Guilder	9½	2.64953	2.76459
French Fr.	9½	5.59038	5.83515
Lira	15	1121.34	1170.30
Yen	9	314.051	326.467
Norwgn. Kr.	9	6.46807	6.74646
Spanish Pts.	8	90.2220	93.9256
Swedish Kr.	10	5.58410	5.84065
Swiss Fr.	3	2.29793	2.39955

CURRENCY MOVEMENTS

Mar. 31	Bank of England Index	Morgan Guaranty Changes %
Sterling	72.6	-32.5
U.S. dollar	90.8	-3.0
Canadian dollar	80.6	-17.6
Austrian schilling	150.5	+23.0
Belgian franc	113.4	+12.9
Danish kroner	104.7	-5.3
Deutsche mark	150.1	+42.1
Swiss franc	186.0	+71.9
Guilder	123.3	+18.5
French franc	99.2	-6.7
Lira	53.0	-50.5
Yen	117.0	+16.0

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER CURRENCIES

Mar. 31	£	$		£ Note Rates
Argentina Peso	3777-3797	1742-1749	Austria	30.00-30.35
Australia Dollar	1.9985-2.0025	0.9240-0.9245	Belgium	69.65-70.15
Brazil Cruzeiro	100.83-101.83	46.60-46.80	Denmark	13.00-13.08
Finland Markka	8.42¾-8.43½	3.8845-3.8865	France	9.65-9.71
Greek Drachma	89.728-91.845	41.40-41.60	Germany	4.20-4.22½
Hong Kong Dollar	10.99-11.01	5.0800-5.0850	Italy	1910-1965
Iran Rial	n/a	n/a	Japan	541-546
Kuwait Dinar (KD)	0.595-0.605	0.2760-0.2761	Netherlands	4.58½-4.61
Luxembourg Frc.	67.50-67.60	31.21-31.23	Norway	11.16-11.24
Malaysia Dollar	4.9500-4.9600	2.2870-2.2890	Portugal	107-111
New Zealand Dlr.	2.2956-2.3005	1.0610-1.0625	Spain	152-159¾
Saudi Arab. Riyal	7.19-7.29	3.3290-3.3320	Sweden	9.66-9.72
Singapore Dollar	4.9275-4.9375	2.2770-2.2790	Switzerland	3.99-4.01
Sth. African Rand	1.7520-1.7530	0.8095-0.8100	United States	2.165-2.174
U.A.E. Dirham	8.08-8.18	3.7360-3.7390	Yugoslavia	50¼-52½

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU March 31	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	40.6051	+2.06	+0.97	±1.53
Danish Krone	7.72336	7.85778	+1.74	+0.65	±1.64
German D-Mark	2.48208	2.53283	+2.04	+0.95	±1.125
French Franc	5.84700	5.84024	-0.12	+1.21	±1.3557
Dutch Guilder	2.74362	2.77061	+0.98	-0.11	±1.512
Irish Punt	0.668201	0.672290	+0.61	-0.48	±1.668
Italian Lira	1157.79	1170.65	+1.11	+0.53	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one-month 19.30-19.40 per cent; three-months 19.65-19.65 per cent; six-months 19.45-19.55 per cent; one year 17.75-17.85 per cent.

Mar. 31	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
‡Short term	17¾-18	19¼-19⅜	8½-9⅛	10⅞-10½	⅛-⅜	8⅜-9⅛	12¾-13	10-12	18⅝-18⅞	14-16
7 days' notice	18⅛-18⅜	19⅜-19⅞	8½-9½	10⅜-10⅝	2½-2¾	8⅝-8¾	12⅞-13⅛	9-12	18⅝-18⅞	14-14½
Month	18½-18¾	20⅛-20⅜	14⅝-15	10⅝-10⅞	6¼-6⅝	9¼-9⅝	13½-13⅞	15¼-16¼	19⅞-20	14⅛-14⅞
Three months	18⅞-18[illegible]	19[illegible]-20[illegible]	15¼-15⅝	11⅛-11⅜	7[illegible]-7[illegible]	10⅛-10¼	14⅛-14⅝	17½-18½	19½-19⅝	15½-15⅝
Six months	18½-18¾	19[illegible]-19[illegible]	15½-15⅝	11¾-12	7[illegible]-7[illegible]	10⅜-10½	14[illegible]-14[illegible]	18⅛-19½	19[illegible]-19[illegible]	15-15¼
One year	17¾-18	17⅞-18⅛	15⅛-15⅝	12¼-12½	7[illegible]-7[illegible]	10¼-10⅜	14⅞-15⅛	18-19	17[illegible]-17[illegible]	13⅛-13⅝

Long-term Eurodollar two years 15⅞-16⅛ per cent; three years 15⅛-15⅜ per cent; four years 15⅛-15⅜ per cent; five years 14⅞-15⅛ per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two days' notice. Asian rates are closing rates in Singapore.

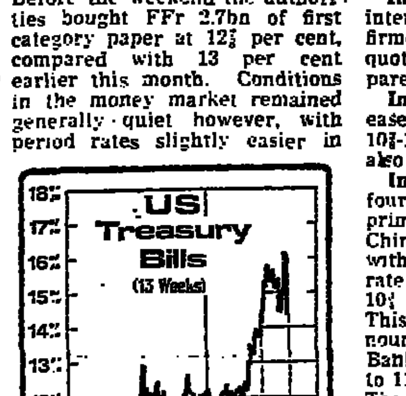
EXCHANGE CROSS RATES

Mar. 31	PoundSterling	U.S. Dollar	Deutschem'k	Japan'seYen	FrenchFranc	Swiss Franc	DutchGuild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.164	4.225	541.0	9.723	4.008	4.625	1945.	2.578	67.55
U.S. Dollar	0.462	1.	1.952	250.0	4.493	1.852	2.137	898.6	1.191	31.22
Deutschemark	0.237	0.512	1.	128.0	2.301	0.949	1.095	460.2	0.610	15.99
Japanese Yen 1,000	1.848	4.000	7.810	1000.	17.97	7.408	8.549	3594.	4.765	124.9
French Franc 10	1.029	2.226	4.346	556.4	10.	4.122	4.757	2000.	2.652	69.48
Swiss Franc	0.250	0.540	1.054	135.0	2.426	1.	1.154	485.2	0.643	16.86
Dutch Guilder	0.216	0.468	0.914	117.0	2.102	0.866	1.	420.4	0.557	14.61
Italian Lira, 1,000	0.514	1.113	2.173	278.2	5.000	2.061	2.379	1000.	1.326	34.74
Canadian Dollar	0.388	0.839	1.639	209.9	3.771	1.654	1.794	754.3	1.	26.20
Belgian Franc 100	1.480	3.204	6.255	800.9	14.39	5.933	6.847	2879.	3.816	100.

INTERNATIONAL MONEY MARKET

French call rate up

French call money rose by ¼ per cent to 12¾ per cent yesterday, and came into line with the Bank of France market intervention rate established on Friday. Before the weekend the authorities bought FFr 2.7bn of first category paper at 12¾ per cent, compared with 13 per cent earlier this month. Conditions in the money market remained generally quiet however, with period rates slightly easier in places, thanks to ample market liquidity, and the continued strength of the French franc in the European Monetary System.



Lending restrictions on banks, designed to limit growth of the money supply to 11 per cent this year, had no impact on the money market. Last year broadly defined M-2 grew at an unadjusted 14.7 per cent. The credit restrictions announced yesterday are on top of those which came into force earlier this year. With the franc and D-mark at opposite ends of the EMS the Bank of France has given support to the German currency.

In Frankfurt short-term interest rates were generally firmer yesterday, with call money quoted at 8.5-8.7 per cent, compared with 8.5-8.55 per cent.

In Amsterdam call money eased to 10¼-10½ per cent from 10⅜-10¾ per cent, and term rates also declined.

In Singapore two of the big four local banks raised their prime lending rates. Overseas-Chinese Banking Corporation, with previously the lowest prime rate in Singapore, increased it to 10¾ per cent from 10¼ per cent. This followed an earlier announcement by Overseas Union Bank of a rise in its prime rate to 11 per cent from 10½ per cent. The other two major banks, Development Bank of Singapore, and United Overseas Bank increased their prime rates last week.

GOLD

Firmer trend

Gold rose $19 an ounce in rather featureless trading in the London bullion market yesterday, to close at $501-507. The metal opened at $508-514, its best level of the day and eased to $503.25 at the morning fixing. The afternoon fix showed a further fall to $494.50, and the low for the day was $490-496.

In Paris the 12½ kilo bar was fixed at FFr 71,500 per kilo ($496.56 per ounce) compared with FFr 72,280 ($502.75) in the morning and FFr 70,750 ($94.29) on Friday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 30,970 per kilo ($496.03 per ounce) against DM 30,520 ($493.07) previously. At the close the metal was quoted at $497-502 per ounce against $488-493 on Friday.

In Zurich gold finished at $493-500 up from Friday's close of $483-490 per ounce.

	Mar. 31		Mar. 28	
Gold Bullion (fine ounce)				
Close	$501-507	(£231¼-234¼)	$482-488	(£245-247½)
Opening	$508-514	(£233-236)	$480-490	(£247½-250)
Morning fixing	$503.25	(£231.539)	$490	(£225.163)
Afternoon fixing	$594.50	(£228.090)	$490	(£225.847)
Gold Coins				
Krugerrand	$527-532	(£243-246)	$494-500	(£227-231)
Mapleleaf	$520-530	(£240-245)	$490-500	(£225-231)
New Sovereigns	$130-133	(£60-62)	$123½-126½	(£57-60)
King Sovs	$145-150	(£67-70)	$143-148	(£66-70)
Victoria Sovs	$145-150	(£67-70)	$143-148	(£66-70)
French 20s	$119-123		$117-122	
50 pesos Mexico	$615-625		$600-610	
100 Cor. Austria	$490-500		$480-488	
$20 Eagles	$605-615		$590-600	
$10 Eagles	—		—	
$5 Eagles	—		—	

UK MONEY MARKET

Large help

Bank of England Minimum Lending rate 17 per cent (since November 15, 1979)

Money remained in short supply in the London money market yesterday, and the authorities gave large assistance by buying a small amount of Treasury bills from the discount houses and banks, and by lending a moderate amount, overnight to six or seven houses, at Minimum Lending Rate.

Banks brought forward small surplus balances, but this was outweighed by repayment of the small amount borrowed by the market on Friday, a small net take-up of Treasury bills, and small end of month oil payments.

Discount houses paid 17 per cent for secured call loans for most of the day, although some small balances were found at 16¾ per cent.

In the interbank market overnight loans opened at 17¾-18 per cent and ranged between 17¾ per cent and 18 per cent during the morning, before rising to 25 per cent in places in the afternoon, but closing around 17 per cent.

Rates in the table below are nominal in some cases.

MONEY RATES

NEW YORK

Prime Rate	19¾-19½
Fed. Funds	19⅞-20⅛
Treasury Bills (13-week)	14.35
Treasury Bills (26-week)	14.84

GERMANY

Discount Rate	7
Overnight Rate	8.60
One month	9.225
Three months	9.80
Six months	10.10

FRANCE

Discount Rate	9.5
Overnight Rate	12.875
One month	13.3125
Three months	13.6875
Six months	13.8125

JAPAN

Discount Rate	9
Call (Unconditional)	12.1250
Bills Discount (three-month)	13.8125

LONDON MONEY RATES

Mar. 31 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	17-25	—	—	—	18¼-20	16¾-17	—	—	—
2 days notice	—	—	18¼-18¾	—	—	—	—	—	—	—
7 days or...	—	—	—	—	—	—	—	—	—	—
7 days notice	—	17⅞-18¼	18½-18⅞	—	18½	18¼-18¾	16⅞-17	—	—	—
One month	18⅜-18⅛	18-18⅝	18⅜-18¾	19⅜-19	18¼	18⅝-18¾	16¾	16⅛-16[illegible]	18[illegible]-18⅛	18⅝
Two months	18[illegible]-18[illegible]	18[illegible]-18⅝	—	19-18½	18⅝	—	16⅝-16¾	16[illegible]-16[illegible]	17[illegible]-17⅞	18¼
Three months	18½-18⅛	18⅛-18⅝	18½-18⅝	18¾-18¼	18⅝	18⅝-18⅝	16⅝-16¾	16¼-16[illegible]	17[illegible]-17[illegible]	18
Six months	18¼-17[illegible]	17⅞-18¼	18⅛-18⅝	17¾-17¾	18⅝	18½	—	—	16[illegible]-16[illegible]	17
Nine months	17[illegible]-17[illegible]	17½-17⅞	—	17⅛-17⅝	17⅝	—	—	—	—	—
One Year	17¼-17	17[illegible]-17⅝	17⅝-18¼	17⅝-17⅛	17½	18	—	—	—	—
Two years	—	—	17½-17½	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days fixed. *Long-term local authority mortgage rates nominally three years 16⅜-16¾ per cent; four years 16-16½ per cent; five years 15-15⅝ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 17[illegible]-17⅞ per cent; four-month trade bills 17⅞ per cent.

Approximate selling rates for one-month Treasury bills 15 per cent; two-month 15⅝ per cent; three-months 16[illegible]-16[illegible] per cent. Approximate selling rates for one-month bank bills 17[illegible]-18 per cent; two-months 17[illegible]-17⅞ per cent; three-months 17⅞-17[illegible] per cent; one-month trade bills 18⅝ per cent; two-months 18 per cent; and three-months 17⅝ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 18 per cent from April 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 15 per cent. Clearing Bank Rates for lending 17 per cent. Treasury Bills: Average tender rates of discount 16.2838 per cent.

WORLD VALUE OF THE POUND

The table below gives the latest available rates of exchange for the pound against various currencies on March 31, 1980. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling/dollar rates; (Bk) bankers' rate; (Bas) basic rate; (bg) buying rate; (cm) commercial rate; (cn) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (nc) non-commercial; (nom) nominal; (o) official rate; (sg) selling rate; (S) member of the sterling area other than Scheduled Territories; (k) Scheduled Territory; (T) tourist rate.

PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Afghanistan	Afghani	[illegible]
Albania	Lek	[illegible]
Algeria	Dinar	[illegible]
Andorra	French Franc / Spanish Peseta	[illegible]
Angola	Kwanza	[illegible]
Antigua (S)	E. Caribbean $	[illegible]
Argentina	Ar. Peso Free Rate	[illegible]
Australia (S)	Australian $	[illegible]
Austria	Schilling	[illegible]
Azores	Portug. Escudo	[illegible]
Bahamas (S)	Ba. Dollar	[illegible]
Bahrain (S)	Dinar	[illegible]
Balearic Isles	Spa. Peseta	[illegible]
Bangladesh (S)	Taka	[illegible]
Barbados (S)	Barbados $	[illegible]
Belgium	B. Franc	[illegible]
Belize	B $	[illegible]
Benin	C.F.A. Franc	[illegible]
Bermuda (S)	Bda $	[illegible]
Bhutan	Indian Rupee	[illegible]
Bolivia	Bolivian Peso	[illegible]
Botswana (S)	Pula	[illegible]
Brazil	Cruzeiro	[illegible]
Brit. Virgin Isles (S)	U.S. $	[illegible]
Brunei (S)	Brunei $	[illegible]
Bulgaria	Lev	[illegible]
Burma	Kyat	[illegible]
Burundi	Burundi Franc	[illegible]
Cameroon Republic	C.F.A. Franc	[illegible]
Canada	Canadian $	[illegible]
Canary Islands	Spanish Peseta	[illegible]
Cape Verde Isle	Cape V. Escudo	[illegible]
Cayman Islands (S)	Cay. Is. $	[illegible]
Cent. Afr. Republic	C.F.A. Franc	[illegible]
Chad	C.F.A. Franc	[illegible]
Chile	Chilean Peso	[illegible]
China	Renminbi Yuan	[illegible]
Colombia	C. Peso	[illegible]
Comoro Islands	C.F.A. Franc	[illegible]
Congo (Brazzaville)	C.F.A. Franc	[illegible]
Costa Rica	Colon	[illegible]
Cuba	Cuban Peso	[illegible]
Cyprus (S)	Cyprus £	[illegible]
Czechoslovakia	Koruna	[illegible]
Denmark	Danish Krone	[illegible]
Djibouti	Fr.	[illegible]
Dominica (S)	E. Caribbean $	[illegible]
Dominican Republic	Dominican Peso	[illegible]
Ecuador	Sucre	[illegible]
Egypt	Egyptian £	[illegible]
Equatorial Guinea	Peseta	[illegible]
Ethiopia	Ethiopian Birr	[illegible]
Falkland Islands (S)	Falkland Is. £	[illegible]
Faroe Islands	Danish Kroner	[illegible]
Fiji Islands	Fiji $	[illegible]
Finland	Markka	[illegible]
France	French Franc	[illegible]
French C'ty in Af*	C.F.A. Franc	[illegible]
French Guiana	Local Franc	[illegible]
French Pacific Is.	C.F.P. Franc	[illegible]
Gabon	C.F.A. Franc	[illegible]
Gambia (S)	Dalasi	[illegible]
Germany (East)	Ostmark	[illegible]
Germany (West)	Deutsche Mark	[illegible]
Ghana (S)	Cedi	[illegible]
Gibraltar (S)	Gibraltar £	[illegible]
Greece	Drachma	[illegible]
Greenland	Danish Kroner	[illegible]
Grenada (S)	E. Caribbean $	[illegible]
Guadeloupe	Local Franc	[illegible]
Guam	U.S. $	[illegible]
Guatemala	Quetzal	[illegible]
Guinea Republic	Sily	[illegible]
Guinea Bissau	Peso	[illegible]
Guyana (S)	Guyanese $	[illegible]
Haiti	Gourde	[illegible]
Honduras Repub.	Lempira	[illegible]
Hong Kong (S)	H.K. $	[illegible]
Hungary	Forint	[illegible]
Iceland (S)	I. Krona	[illegible]
India (S)	Ind. Rupee	[illegible]
Indonesia	Rupiah	[illegible]
Iran	Rial	[illegible]
Iraq	Iraq Dinar	[illegible]
Irish Republic (k)	Irish £	[illegible]
Israel	Shekel	[illegible]
Italy	Lira	[illegible]
Ivory Coast	C.F.A. Franc	[illegible]
Jamaica (S)	Jamaica Dollar	[illegible]
Japan	Yen	[illegible]
Jordan (S)	Jordan Dinar	[illegible]
Kampuchea	Riel	[illegible]
Kenya (S)	Kenya Shilling	[illegible]
Kiribati	Australian $	[illegible]
Korea (Nth)	Won	[illegible]
Korea (Sth)	Won	[illegible]
Kuwait (S)	Kuwait Dinar	[illegible]
Laos	Kip Pot Po	[illegible]
Lebanon	Lebanese £	[illegible]
Lesotho	S. African Rand	[illegible]
Liberia	Liberian $	[illegible]
Libya	Libyan Dinar	[illegible]
Liechtenstein	Swiss Franc	[illegible]
Luxembourg	Lux Franc	[illegible]
Macao	Pataca	[illegible]
Madeira	Portug'se Escudo	[illegible]
Malagasy Republic	MG Franc	[illegible]
Malawi (S)	Kwacha	[illegible]
Malaysia (S)	Ringgit	[illegible]
Maldive Islands (S)	Mal Rupee	[illegible]
Mali Republic	Mali Franc	[illegible]
Malta (S)	Maltese £	[illegible]
Martinique	Local Franc	[illegible]
Mauritania	Ouguiya	[illegible]
Mauritius (S)	M. Rupee	[illegible]
Mexico	Mexican Peso	[illegible]
Miquelon	C.F.A. Franc	[illegible]
Monaco	French Franc	[illegible]
Mongolia	Tugrik	[illegible]
Montserrat	E. Caribbean $	[illegible]
Morocco	Dirham	[illegible]
Mozambique	Moz. Escudo	[illegible]
Nauru	Australian Dollar	[illegible]
Nepal	Nepalese Rupee	[illegible]
Netherlands	Guilder	[illegible]
Netherland Antilles	Antillian Guilder	[illegible]
New Hebrides	Franc / Aust. Dollar	[illegible]
New Zealand (S)	N. Z. Dollar	[illegible]
Nicaragua	Cordoba	[illegible]
Niger Republic	C.F.A. Franc	[illegible]
Nigeria (S)	Naira	[illegible]
Norway	Norway Krone	[illegible]
Oman Sul'ate of (S)	Rial Omani	[illegible]
Pakistan	Pakistan Rupee	[illegible]
Panama	Balboa	[illegible]
Papua N. Guinea (S)	Kina	[illegible]
Paraguay	Guarani	[illegible]
Peru	Sol	[illegible]
Philippines	Philippine Peso	[illegible]
Pitcairn Islands (S)	£ Sterling / New Zealand $	[illegible]
Poland	Zloty	[illegible]
Portugal	Portug'se Escudo	[illegible]
Port Timor	Timor Escudo	[illegible]
Puerto Rico	U.S. $	[illegible]
Qatar (S)	Qatar Ryal	[illegible]
Reunion Ile de la	French Franc	[illegible]
Rhodesia	Rhodesian $	[illegible]
Romania	Leu	[illegible]
Rwanda	Rwanda Franc	[illegible]
St. Christopher (S)	E. Caribbean $	[illegible]
St. Helena	St. Helena £	[illegible]
St. Lucia	E. Caribbean $	[illegible]
St. Pierre	Local Franc	[illegible]
St. Vincent (S)	E. Caribbean $	[illegible]
Salvador El	Colon	[illegible]
Samoa American	U.S. $	[illegible]
San Marino	Italian Lira	[illegible]
Sao To'e & Principe	Dobra	[illegible]
Saudi Arabia	Ryal	[illegible]
Senegal	C.F.A. Franc	[illegible]
Seychelles	S. Rupee	[illegible]
Sierra Leone (S)	Leone	[illegible]
Singapore (S)	Singapore $	[illegible]
Solomon Islands (S)	Solomon Is. $	[illegible]
Somali Republic	Somali Shilling	[illegible]
South Africa (S)	Rand	[illegible]
South West African Territories (S)	S. A. Rand	[illegible]
Spain	Peseta	[illegible]
Spanish ports in North Africa	Peseta	[illegible]
Sri Lanka (S)	S. L. Rupee	[illegible]
Sudan Republic	Sudan £	[illegible]
Surinam	S. Guilder	[illegible]
Swaziland (S)	Lilangeni	[illegible]
Sweden	S. Krona	[illegible]
Switzerland	Swiss Franc	[illegible]
Syria	Syria £	[illegible]
Taiwan	New Taiwan $	[illegible]
Tanzania (S)	Tan. Shilling	[illegible]
Thailand	Baht	[illegible]
Togo Republic	C.F.A. Franc	[illegible]
Tonga Islands (S)	Pa'anga	[illegible]
Trinidad (S)	Trinidad & Tob. $	[illegible]
Tunisia	Tunisian Dinar	[illegible]
Turkey	Turkish Lira	[illegible]
Turks & Caicos	U.S. $	[illegible]
Tuvalu	Australian $	[illegible]
Uganda (S)	Uganda Shilling	[illegible]
United States	U.S. Dollar	[illegible]
Uruguay	Uruguay Peso	[illegible]
Utd. Arab Emirates	U.A.E. Dirham	[illegible]
U.S.S.R.	Rouble	[illegible]
Upper Volta	C.F.A. Franc	[illegible]
Vatican	Italian Lira	[illegible]
Venezuela	Bolivar	[illegible]
Vietnam	Dong	[illegible]
Virgin Islands U.S.	U.S. Dollar	[illegible]
Western Samoa (S)	Samoan Tala	[illegible]
Yemen (Nth)	Ryal	[illegible]
Yemen (Sth)	S. Yemen Dinar	[illegible]
Yugoslavia	New Y Dinar	[illegible]
Zaire Republic	Zaire	[illegible]
Zambia	Kwacha	[illegible]

*That part of the French community in Africa formerly French West Africa or French Equatorial Africa. †Rupees per pound. ‡General rates of oil and iron exports 90.90. **Rate is the transfer market (controlled). ††Rate is now based on 2 Barbados $ to the dollar. §§Now one official rate. (U) Unified rate. Applicable on all transactions except countries having a bilateral agreement with Egypt and who are not members of IMF. (§) Based on gross rates against Russian rouble. ● Incentive rate.

BASE LENDING RATES

A.B.N. Bank	17 %
Allied Irish Bank	17 %
Amro Bank	17 %
American Express Bk.	17 %
Henry Ansbacher	17 %
A P Bank Ltd.	18 %
■ Arbuthnot Latham	17 %
Associates Cap. Corp.	17 %
Banco de Bilbao	17 %
Bank of Credit & Cmce.	17 %
Bank of Cyprus	17 %
Bank of N.S.W.	17 %
Banque Belge Ltd.	17 %
Banque du Rhone et de la Tamise S.A.	17½ %
Barclays Bank	17 %
Bremar Holdings Ltd.	18 %
Brit. Bank of Mid. East	17 %
■ Brown Shipley	17 %
Canada Perm't Trust	17 %
Cayzer Ltd.	17 %
Cedar Holdings	17 %
■ Charterhouse Japhet	17 %
Choulartons	17 %
C. E. Coates	17 %
Consolidated Credits	17 %
Co-operative Bank	*17 %
Corinthian Secs.	17 %
The Cyprus Popular Bk.	17 %
Duncan Lawrie	17 %
Eagil Trust	17 %
E. T. Trust Limited	17 %
First Nat. Fin. Corp.	19½ %
First Nat. Secs. Ltd.	18 %
Robert Fraser	18 %
■ Antony Gibbs	17 %
Greyhound Guaranty	17 %
Grindlays Bank	‡17 %
■ Guinness Mahon	17 %
■ Hambros Bank	17 %
■ Hill Samuel	§17 %
C. Hoare & Co.	†17 %
Hongkong & Shanghai	17 %
Industrial Bk. of Scot.	17½ %
Keyser Ullmann	17 %
Knowsley & Co. Ltd.	18½ %
Langris Trust Ltd.	17 %
Lloyds Bank	17 %
Edward Manson & Co.	18 %
Midland Bank	17 %
■ Samuel Montagu	17 %
■ Morgan Grenfell	17 %
National Westminster	17 %
Norwich General Trust	17 %
P. S. Refson & Co.	17 %
Rossminster	17 %
Ryl. Bk. Canada (Ldn.)	17 %
Schlesinger Limited	17 %
E. S. Schwab	17 %
Security Trust Co. Ltd.	18 %
Standard Chartered	17 %
Trade Dev. Bank	17 %
Trustee Savings Bank	17 %
Twentieth Century Bk.	17 %
United Bank of Kuwait	17 %
Whiteaway Laidlaw	17½ %
Williams & Glyn's	17 %
Wintrust Secs. Ltd.	17 %
Yorkshire Bank	17 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 15%. 1-month deposits 15¼%.
† 7-day deposits on sums of £10,000 and under 15%, up to £25,000 15¼% and over £25,000 15½%.
‡ Call deposits over £1,000 15%.
§ Demand deposits 15%.

EUROPEAN OPTIONS EXCHANGE

Series	April Vol.	April Last	July Vol.	July Last	Oct. Vol.	Oct. Last	Stock
AKZ C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
AKZ C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
AKZ P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
AKZ P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
HEI C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
HEI C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
HEI C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
HEI P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
HEI P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
HEI P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
HO C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
IBM C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
KLM C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
KLM C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
KLM C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
KLM C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
KLM P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
KLM P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
KLM P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
NN C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
NN C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
NN C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
NN C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
NN P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
PET C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
PET P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
PET P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
PHI C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
PHI C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
PHI C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
PHI P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
RD C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
RD C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
RD C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
RD C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
RD C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
RD P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
RD P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
RD P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
RD P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
RD P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
UNI C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
UNI C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
UNI C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
BA C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OXY C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SLB C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SLB C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	

TOTAL VOLUME IN CONTRACTS [illegible]

هكذا من الأصل

Fresh early Dow rally of 4.5

EXTENDING last Friday's good recovery, Wall Street moved higher in moderate early activity yesterday on bargain hunting and a belief that the worst of the *silver crisis is over.*

The Dow Jones Industrial Average, which recouped 17.67 on Friday, picked up 4.52 further to 782.17 at mid-day. The NYSE All Common Index improved 30 cents to $57.32, while advances outpaced declines by about an 11-to-three ratio. Turnover amounted to 18.09m shares at noon.

Investors also responded favourably to a 0.2 per cent decline in the U.S. index of leading economic indicators in February. Analysts said that although the decline was expected, it is seen as taking some of the upyard pressure off interest rates.

The price of spot silver on the Comex was up $2 to $44 an ounce, following Friday's strong rally from a low of $10.80 an ounce.

Brokerage concerns were narrowly mixed, with **Paine Webber** gaining ⅛ to $9, **Merrill Lynch** ⅛ to $18⅞ and **Shearson Loeb Rhoades** ⅛ to $22½, but **E. F. Hutton** losing ⅛ to $20¾.

Some Gold and Silver shares were firmer. **Hecla Mining** gained ⅝ to $26⅝. **Sunshire Mining** ⅝ to $12⅞, **ASA** ⅛ to $41 and **Homestake Mining** 1¼ to $42¾.

Asarco were up 3⅜ to $33½. It has authorised a repurchase of up to 500,000 of its shares. **Kaiser Aluminum** gained ⅞ to $19. The company expects 1980 first-quartesr earnings to be significantly higher.

Bally Manufacturing advanced 1¼ to $22¼, **International Rectifier** 2¼ to $22⅝ and **Getty** 1½ to $71½.

AMERICAN SE prices were broadly firmer, with the Market Value Index rising 4.34 to 233.23 at noon. Volume 2.57m shares.

Tobias Kotzin *put on ⅞ to $6.* It has completed an agreement to merge into Dylex for .6.50 per Tobias share. **Welded Tube of America** gained 1½ to $12 on sharply higher annual earnings.

Closing prices for North America were not available for this edition.

Canada

Shares mainly continued to rally in quiet dealings yesterday morning. The Toronto Composite Index rose 15.0 to 1804.2 at midday, while the Oil and Gas index added 45.9 at 3,871.1, Golds 37.8 at 2,773.7 and Metals and Minerals 22.4 at 1,843.9. In Monteral, Banks gained 2.66 to 294.87 and Utilities 1.07 to *230.07.*

Hudson's Bay Oil climebd C$⅝ to C$112, **Husky Oil** 3¼ to C$76¼ and **Gulf Canada** C$1 to C$129¼.

Tokyo

Share prices were generally higher on selective buying, continuing the good rally which took place in Saturday's half-day session, but trading was quiet due to end of the fiscal year influences.

The Nikkie-Dow Jones Average improved 29.10 to 6,556.19 and the Tokyo SE index 2.43 to 454.46, while volume was a modest 170m shares.

Trading Houses, Real Estates, Motor Components and speculatives led the advance, while Semi-conductor Producers also moved ahead.

Nippon Paint rose Y49 to Y260 on its announcement of a process to manufacture photo sensitive paper and film without using silver.

Mitsubishi climbed Y19 to Y634, **Mitsui** Y3 to Y334, **Sumitomo Shoji** Y14 to Y391, **Mitsui Real Estate** Y18 to Y467, **Heiwa Real Estate** Y22 to Y583, **Kayaba Kogyo** Y13 to Y338 and **Tokiko** Y20 to Y496.

Fujitsu added Y13 at Y458 and **Nippon Electric** Y11 at Y419, while **Hitachi** put on Y5 to Y236, **Ishikawajima Harima Heavy** Y4 to Y154 and **Kawasaki Heavy** Y2 to Y185.

Oils and some Electric Appliances neased on profit-taking.

Germany

Helped by Wall Street's rebound last Friday and an apparent steadying of the Bond markets, stocks were inclined to pick up yesterday. The Commerzbank index rallied 3.8 to 670.8.

Dealers noted that the improvement was very fragile, however, with investor interest light. Trading was particularly slack in the last part of the session, they added.

Banks posted the best gains, **Bayerische Vereinsbank** rising DM 5, while **Deutsche Bank** added DM 1.70 and **Commerzbank** and **Bayerische Hypothekenbank** each put on DM 1.50.

Machines were also widely firmer, **KHD** advancing DM 2.50 and **Linde** DM 2, but **Deutsche Babcock**, a weak exception, declined DM 3.

Among Motors, **BMW** gained DM 1.50, but **Daimler** shed DM 1.

In Electricals, **AEG** remained under pressure, falling DM 6 more to DM 79.50.

Domestic Bonds were little changed, recording some gains and losses extending to 30 pfennigs either way. The Bundesbank sold DM 11.6m nominal of stock after selling DM 26.4m last Friday. Mark Eurobonds were steady, with some gains of up to one point.

Paris

Bourse prices closed mixed with a slight majority of declines after moderate trading. The good rally on Wall Street last Friday aided sentiment, but counterbalancing this was news *of* tighter French credit controls for the second half of 1980.

The Foods, Constructions, Mechanicals, Electricals and Chemicals met support, but Portfolios, Motors, Quarries, Hotels, Stores and Oils mostly lost ground. Banks and Metals were irregularly traded.

Among the day's firmer issues were **BCT**, **Rue Imperiale**, **St. Louis**, **Ciments Francais**, **Radiotechnique**, **Vallourec**, **CM Industries** and **Applications des Gaz**. Trading in **Poclain** was momentaritly suspended at one point due to a heavy influx of buying orders, and the shares ultimately closed FFr 9.5 up at FFr 220.5.

Mostly firmer Foods, however, had **Carrefour** down FFr 14 at FFr 1,563 despite announcing a one-for-five free share issue and higher group 1979 profits last Friday.

Australia

Trading was quiet with Industrials retaining an easier tendency. However, Minings, after *the recent slide, put on a steadier* performance, with rumours of another diamond find in Western Australia and speculation that the recent improvement in world Gold prices would spread to other commodities, boosting demand for selective issues. The Sydney All Ordinaries index recovered 1.98 to 768.38 and the Metals and Minerals index 89.79 to 4,671.05.

Ashton Mining advanced 16 cents more to A$2.55 on rumours of a diamond discovery in the Lake Argyle district, while venture partner **CRA** moved ahead 20 cents to A$4.85.

A rally in the Golds sector was led by rises of 20 cents apiece by **Central Norseman**, A$5.20, and **Poseidon**, A$2.20.

Elsewhere in Minings, **MIM** rose 12 cents to A$4.02, **Bougainville Copper** 15 cents to A$3.30 and **Pancontinental** 10 cents to A$6.10, but **Pacific Copper** lost 30 cents to A$3.70 and **Aberfoyle** 20 cents to A$5.60.

Shale Oil issues strengthened, **Central Pacific** climbing A$6 to A$38 and **Esperance** 30 cents to A$1.55.

Johannesburg

After initial firmness, Gold shares receded as the international Bullion price eased in Europe and closed with mixed movements on balance. **Stilfontein** were finally 30 cents off at R15.90, after a mid-morning high of R16.50. **Vaal Reefs** were unchanged at R57.00, after touching R58.00, while **Buffels** managed a net gain of 50 cents at R30.50.

NEW YORK

CANADA

BELGIUM (continued)

HOLLAND

AUSTRALIA

JAPAN (continued)

DENMARK

FRANCE

ITALY

NORWAY

HONG KONG

SWEDEN

GERMANY

SINGAPORE

SOUTH AFRICA

JAPAN

AUSTRIA

SWITZERLAND

BELGIUM/LUXEMBOURG

BRAZIL

Indices

NEW YORK—DOW JONES

STANDARD AND POORS

N.Y.S.E. ALL COMMON

MONTREAL

TORONTO Composite

NEW YORK ACTIVE STOCKS

COMMODITIES AND AGRICULTURE

Coffee crop estimate reduced

WASHINGTON — The U.S. Agriculture Department has reduced its 1979-80 world coffee crop forecast to 81.1m bags (60 kilos each), a 3.4 per cent cut from its previous estimate but above the 1978-79 crop.

The Department said exportable production is estimated at 61.1m bags, 2.9 per cent higher than the 59.3m bags estimated for 1978-79.

The estimate for South American countries is unchanged but the African total has been cut by 32,000 bags. Output in the Ivory Coast is now forecast at less than 4.2m bags, 500,00 bags below last season.

In New York meanwhile Gordon Paton said U.S. roastings of green coffee from January 1 to March 22 were about 4,330,000 bags, including that used for soluble production, against about 4,420,000 bags during the same period last year.

Reuter

Hull lands first fish for two months

A LOAD of fish was landed at Hull yesterday—the first landing at the port for two months.

Following the decision of the Hull Fishing Vessel Owners' Association to go into liquidation because of high costs and reduced landings a major question-mark has been hanging over the port's future. Yesterday's landing does not solve the problem but it raises some hope that Hull fish dock can be saved.

The fish—2,010 ten-stone kits, mainly of saithe (coley)—were landed by the Boyd Line vessel Arctic Riever which paid a wharfage charge of £12.63 a tonne. This compares with over £50 quoted by the Association before its collapse.

The dock facilities are now being operated by their owner, the British Transport Docks Board, which previously rented them to the Association for £120,000 a month.

The Board cut the wharfage charge last month when it was accused of driving away valuable business, notably from Icelandic trawlers, by sticking to the fees quoted by the Association. The charge for frozen fish landings is £22.50 a tonne.

Bargain hunting lifts metals

BY JOHN EDWARDS, COMMODITIES EDITOR

LONDON METAL markets were calm yesterday after last week's shocks and some "bargain hunting" purchases brought generally higher values, encouraged by the firmer trend in gold.

Silver prices moved higher but the market remained extremely nervous. The bullion spot quotation at the morning fixing was set at 622.4p a troy ounce. This was 22.3p down on Friday morning's fixing, but above the Friday afternoon closing price. Values gained further ground in the afternoon. On the London Metal Exchange the cash price closed at 675p an ounce 103p up on the previous close.

In the base metals, copper cash wirebars rose by £11.5 to £944.5 a tonne, despite a rise in warehouse stocks for the second week in succession. The stocks increase was, however, only 575 tonnes raising total holdings to 117,925 tonnes, and dealers were more concerned with the firmer opening in the New York market.

Tin prices reflected the general air of slightly more confidence. Cash tin increased by £97.5 to £7,745 a tonne. A rise in tin warehouse stocks, up by 145 to 3,395 tonnes, was in line with market expectations.

There was some surprise at the size of the increase in lead stocks, which rose by 2,725 to 12,550 tonnes. Nevertheless cash lead followed the upward trend in copper and closed £9.5 higher at £452 a tonne.

Aluminium stocks rose by 2,450 to 39,975 tonnes, but the market moved higher on reports of a rise in world prices announced by two leading producers. Zinc stocks rose by 700 to 50,500 tonnes, but nickel fell by 276 to 6,672 tonnes. LME silver holdings rose again, up by 1,450,000 ounces to a total of 17,250,000 ounces.

Giles Merritt in Brussels writes: Belgium's major Bruxelles Lambert financial group has issued a formal statement setting out its relationship with NRT Metals, the New York metals trading house that has gone into voluntary liquidation.

Banque Bruxelles Lambert, the banking side of the group that is also Belgium's second largest bank, has emphasised in a communique that it has no shareholding in NRT Metals and, therefore, risks no financial responsibility for the New York concern's liquidation.

But the Belgian group states that Interocean, a subsidiary of the Compagnie Bruxelles Lambert financial holdings arm, is a minority shareholder in NRT Metals. In its annual report for the year ended September 30, 1979, Compagnie Bruxelles Lambert listed both Interocean and the NRT International trading network, together with the majority owned Keystone Resources, as its primary investments in the trading area of its financial services operation.

Metals company dismisses employees

FINANCIAL TIMES REPORTER

LONCONEX, a ring-dealing member of the London Metal Exchange (LME), has now dismissed the three employees suspended last week in connection with police investigations into LME dealings.

Announcing the dismissals yesterday Mr. Michael Brown, managing director of Lonconex, a subsidiary of the U.S.-based Primary Industries group, stressed that the company was not itself involved in the investigations. He also denied suggestions in the Press over the weekend that the investigations were linked with last week's silver price crash. The suspected irregularities had nothing to do with silver, he said.

Wilson, Smithett and Cope, another company named by the police, denied complicity in any suspect dealings on the metal exchange.

Mr. David Burt, a deputy chairman of the Guinness Peat group—Wilson, Smithett and Cope's parent company—said the group had not suffered any losses or made any profit from any fraudulent dealings.

Mr. Campbell Gray, of commodity brokers G. W. Joynson, the other company named by the police, yesterday declined to confirm that the company was involved.

He said he thought it improper to comment while police investigations were taking place.

French farm protest in London

CONTINENTAL FARMERS plan to march on the Ministry of Agriculture in London today (Tuesday) to protest at the British ban on imports of milk.

Producers from France, Belgium and Holland will gather in Trafalgar Square in the morning to distribute leaflets calling for an end to the health restrictions which keep Continental milk out of the country. They will then proceed to the Ministry bearing protest banners and deliver a strongly-worded letter addressed to Mr. Peter Walker, the Minister of Agriculture.

Britain refuses to accept Continental milk because it claims the sterilisation method used — ultra-heat treatment—does not guarantee the elimination of all germs, especially foot and mouth disease. The Continentals believe this is merely an excuse, however. They insist that their milk is perfectly sterile and fit for the British market. And they appear to have the support of the EEC Commission.

Last month the Commission wrote to Mr. Walker demanding an explanation of the British restrictions. If this is not accepted Britain could find itself before the European Court and UK milk producers could soon face competition in their hitherto protected market.

Guyana beating sugar disease

THE STATE-OWNED Guyanese sugar industry expects to rid itself by next year of the dreaded disease, smut, which struck in 1974 and forced a conserted programme of eradication.

The industry puts over 100,000 acres under the plough annually and the smut-eradication programme has meant ploughing out and replanting of some 35,000 acres of smut-prone varieties.

Mr. Bob Bhim, manager of the Sugar Experimentation Station, reported that by 1981, the disease will be "of no economic consequence" to the industry, and the immediate result should be increased levels of production.

He explained that no panicking had taken place following the detection of smut six years ago.

INTERNATIONAL COMMODITY AGREEMENTS

Cocoa pact collapses

BY JOHN EDWARDS, COMMODITIES EDITOR

THE INTERNATIONAL Cocoa Agreement expired at midnight yesterday dealing a severe blow to efforts being made for greater commodity price stabilisation. Representatives from cocoa producing and consuming ended marathon talks in London that lasted until Saturday night without being able to agree on either extending the present agreement or negotiating a new pact.

As a result the agreement is to be wound up, and the £220m buffer stock, accumulated over the years for market support operations, will be divided up among the producing countries.

The collection of the levy on cocoa exports, used to finance the buffer stock fund, ceases from today but it is expected to be three months at least before the first payment representing 40 per cent of the total fund will be made to producing countries. The remaining 60 per cent, tied up on bank deposits, will be distributed by March, 1981.

Meanwhile, the Cocoa Council is to meet again on June 4 solely to wind up the operation of the International Cocoa Organisation since it is felt that at this stage there is little hope of negotiating a new pact.

The talks in London were marked with considerable acrimony on both sides, who appeared suspicious of each other's motives.

The apparent main source of disagreement was over the minimum "floor" price to be written into the Agreement. The "floor" and "ceiling" price range fixed under the Agreement has been consistently well below market prices ever since the first cocoa pact came into existence in June 1973. Hence the failure of the buffer stock ever to come into action. So producers were determined to achieve more meaningful figures in any new pact.

At the negotiating conference last year producing and consuming countries gradually shifted their positions but finally were unable to bridge the gap between a minimum of 120 cents wanted by producers and 100 cents favoured by consumers. It was expected that a compromise could be reached in further talks this year and accordingly the agreement was extended for a further six months beyond its original expiry date of September 30, 1979.

In the interim, however, cocoa prices came down sharply as a result of a surplus of supplies developing and the producing countries, led by the Ivory Coast and Brazil, announced a plan to stop selling below a certain price level and form a fund, similar to the Bogota Fund used by coffee producers, to sustain prices with the aid of stockpiling and market support operations. It was suggested that the buffer stock fund accumulated by the Cocoa Agreement could provide a core for the proposed producer fund.

So the producers returned to negotiations for a new cocoa pact with a determined attitude not to accept anything less than a guaranteed minimum of 120 cents a pound, which they claimed had already been eroded by inflation and rising costs of production.

Consumers, particularly the UK, were also in a more belligerent mood. The "hawks" and "doves" led by Britain and the Nordic countries respectively, could not agree a common line. But in the end they compromised considerably offering to negotiate a new agreement starting from the basis of a minimum of 110 to 120 cents. The implication was that, if pushed, the 120 cents minimum might be conceded but that normal negotiations should be held. In return, however, they insisted that the agreement should be extended, including the buffer stock, instead of being transformed into a pact without economic clauses, as the producers wanted enabling the buffer stock fund to be released.

This softer line was firmly rejected by producers, who claimed that a 120 cents minimum must be guaranteed before any negotiations started. The impression was they were more interested in obtaining the buffer stock fund than a new pact.

The unfortunate casualty of this dispute is the International Cocoa Organisation, which has provided a useful forum for producers and consumers to exchange ideas and information, if not fulfilling its major objective of stabilising the market.

It is by no means certain that the buffer stock funds, returned to producers, will be used for market support operations. Some producers, notably Ghana, are believed to be somewhat lukewarm to the idea of attempting to control market prices, since it could be an expensive gamble the poorer countries can hardly afford.

But the breakdown of the Cocoa Agreement has much wider implications. It comes at a time when the failure to make much progress in the proposed commodity market stabilisation plans is undermining the whole North-South dialogue between developing countries and the industrialised.

The integrated commodities programme launched by the UN Conference on Trade and Development is already in serious trouble with disagreement over the proposed Common buffer stock fund and lack of progress in negotiating new commodity agreements. Cocoa is one of "core" commodities, listed under the programme and the collapse of the agreement will be viewed as a considerable setback.

Alcan lifts world price of aluminium

Alcan has raised, effective immediately, its international list price for 99.5 per cent primary aluminium ingot from $1,600 per tonne to 1,750 per tonne, cif Hong Kong and Rotterdam with market differentials applicable on shipments to other destinations.

Alcan's international price does not apply in Canada, the U.S., Britain or in those other markets where established domestic producer prices are published.

In Pittsburgh Alcoa increased its price for aluminium ingot from 66 to 72 cents per pound, effective today.

Australian aluminium deal with Japanese

ALUMINIUM GROUP, Alcoa of Australia, has obtained a long-term contract to supply aluminium metal to the Japanese group, Mitsubishi Light Metal Industries.

The contract involves the supply of 40,000 tonnes of aluminium a year over an initial 10-year period from 1983 and is valued at about A$600m. The metal will be supplied from a proposed new smelter to be built at Portland, Victoria, and would account for almost one-third of the capacity of the proposed plant. The contract is subject to the necessary governmental approvals and the building of the plant. Initial rated capacity will be 130,000 tonnes a year, coming onstream in mid-1983.

Mitsubishi Light Metal has depended solely on Alcoa for its supply of aluminum to make into metal since Alcoa began operations in 1963. This long-term relationship has now been extended to Aluminium Metal.

Meanwhile Alcoa's major rival, Comalco, has also disclosed that it is re-examining the economics of a new alumina refinery at Weipa, in Northern Queensland, where the group mines its bauxite.

Comalco is a member of a consortium, which operates an alumina refinery at Gladstone, Queensland.

Soviet meat output up 13%

WASHINGTON—Meat production in the Soviet Union during the first two months of this year totalled just over 1.5m tonnes, a 13 per cent increase from the corresponding period last year, the U.S. Agriculture Department said.

Reuter

Sunflowerseed output boost

World sunflowerseed crushings, after a sluggish start, should expand sharply during the remainder of the current season, ending September 30, the Hamburg-based weekly publication "Oilworld" has predicted.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Firmer on the London Metal Exchange. After opening at £975 forward metal came under modest selling pressure, reflecting talk of a rise in stocks, and dipped to £959. Confirmation of the stocks rise resulted in further nervous selling and three months material fell back to £952 on the morning kerb. During the afternoon a higher-than-forecast opening on Comex coupled with covering against physical business prompted a good rally with forward metal edging up to close the late kerb at £975. Turnover 19,050 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	940-1	—8	944-5	—11.5
3 months	958 9	—4	961-2	+12.5
Settlem't	941	—8	—	....
Cathodes				
Cash	900-4	—9	900 5	—6
3 months	931.2	—7	932.5-3	+9.25
Settlem't	904	—6	—	
U.S. Prod	—		*94-102	

Amalgamated Metal Trading reported that in the morning three months wirebars traded at £960/61, 62, 63, 65, 67, 66, 65, 64, 62.5, 62, 61, 60, 59, 58. Cathodes, three months £932. Kerb: Wirebars, three months £957, 56, 55, 54, 53, 52. Afternoon: Wirebars, cash £945, 62, three months £952, 53, 59, 60, 59, 58, 59, 60, 61. Cathodes, three months £923. Kerb: Wirebars, three months £976, 68, 70, 72, 70, 71, 72, 74, 75, 76, 77, 78, 74.

TIN—Gained ground. Forward metal moved narrowly between £7,680 and £7,710 during the morning. However, in the afternoon U.S. physical demand prompted good covering and three month metal moved ahead to touch £7,800 prior to closing the late kerb at £7,775. Turnover 585 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
High Grade				
Cash	7680-720	+15	7750-80	+97.5
3 months	7695-710	—17.5	7750-80	+57.5
Settlem't	7720	—30	—	.....
Standard				
Cash	7665-70	—17.5	7740-60	+97.5
3 months	7695-700	—17.5	7740-20	+62.5
Settlem't	7670	—20	—	.....
Straits E.	$2265	—40		.....
New York	—		.....	.....

Morning: Standard, cash £7,670, 80, 75, three months £7,700, 7,690, 7,700, 7,695. Kerb: Standard, three months £7,700, 7,695. Afternoon: Standard, cash £7,730, 40, three months £7,710, 40, 50, 60. Kerb: Standard, three months £7,790, 70.

LEAD—Moved ahead reflecting the rise in copper. Forward metal rose from £426 to £431 on the pre market but eased back £428.5 on the morning kerb following the minor setback in copper coupled with the increase in stocks. In the afternoon the price held steady around £430 before picking up strongly on the late kerb to close at £436. Turnover 5,200 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	447-8	—5.5	451-3	+8.5
3 months	428-9	—4.5	430-1	+11
S'ment	448	—6	—	
U.S. Spot	—		*50	

Morning: Cash £447, 46, 47, three months £430, 31, 28, 27, 28. Kerb: Three months £428, 29. Afternoon: Three months £431, 30, 29, 30. Kerb: Three months £430, 31, 32, 33, 38.

ZINC—Marginally easier in idle trading. Forward metal eased to £311 on the morning kerb, reflecting the trend in other metals, before recovering during the afternoon to close the late kerb at £317.5, after £319. Turnover 3,425 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Cash	303.5-5	—3.25	307-8	—1.5
3 months	308-10	—4.75	314.5	—1
S'ment	305	—3	—	....
Primw'ts	—	..	*39.5	..

Morning: Three months £314, 15, 14, 12, 11, 10.5. Kerb: Cash £305, three months £310. Afternoon: Cash £307, three months £313, 14. Kerb: Three months £318, 19, 18.

ALUMINIUM—Firmer in quiet trading. Forward metal opened around the £840 level but eased to £836 reflecting the downturn in copper. However, a rally in the latter boosted sentiment in aluminium and three months metal rallied strongly to close the late kerb at £849.5. Turnover 7,675 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Spot	940 5	+25	945-50	+22.5
3 months	840-1	+.5	841.5	+10

Morning: Cash £940, three months £839, 40, 39, 36, 37, 38, 40, 41. Kerb: Three months £840. Afternoon: Three months £841, 42. Kerb: Three months £845, 47, 48, 49.

NICKEL—Barely changed in quiet and routine trading, with forward metal attracting little attention before ending the day at £3,055. Turnover 174 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
Spot	2950-60	....	2945-55	—17.5
3 months	3055-60	—2.5	3050-60	....

Morning: Three months £3,060, 50, 55. Afternoon: Three months £3,055.

* Cents per pound. ‡ SM per picul. † On previous unofficial close.

SILVER

Silver was fixed 22.3p an ounce lower for spot delivery in the London bullion market yesterday at 622.4p. U.S. cent equivalents of the fixing levels were: spot 1,3.494, down 49.6c; three-month $13.893, down 69.5c; six-month $13.893, down 69.5c; and 12-month $14.745, down 70.3c. The metal opened at 622-630p ($13[illegible]) and closed at 668-674p ($15-15[illegible]).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	622.40p	—22.3	675.0p	+103
3 months	609.20p	—29.5	676.0p	+92.5
6 months	657.80p	—31.5	—	
12 months	677.90p	—31.5	—	

LME—Turnover 172 (557) lots of 10,000 ozs. Morning: Cash 600, three months 590, 600, 10, 15. Kerb: Three months 615, 10. Afternoon: Three months 595, 615, 05, 10, 15, 20, 50, 80, 75, 77. Kerbs: Three months 680, 710, 700, 705, 710, 700.

COCOA

News of the I.C.O. price agreement being terminated resulted in a £20 rally during the morning session. However futures eased following a weak New York opening and closed little altered to Friday evening, reports Gill and Duffus.

COCOA	Yesterd'ys Close	+ or —	Business Done
March			1403-385
May	1409-10	—1.0	1430-06
July	1412-13	+5.5	1430-06
Sept	1424-26	+4.5	1445-24
Dec	1451-52	—1.0	1465-50
March	1482-79	—1.5	1505-485
May	1505-10	—	—

Sales: 1,319 (1,289) lots of 10 tonnes.

International Cocoa Organisation (U.S. cents per pound). Daily price March 28: 136.24 (137.84). Indicator price March 31: 15-day average 139.81 (140.12): 22-day average 140.45 (140.72).

COFFEE

Robustas opened lower to reflect late weakness in New York, reports Drexel Burnham Lambert. Commission house pressure plus good trade selling prompted early losses but the market held relatively steady in quiet conditions. In the afternoon a weak New York influenced further losses before trade support and jobber profittaking around the lows lifted prices slightly.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
March	—	—	1600-580
May	1615-17	—26.5	1631-10
July	1643-45	—18.5	1650-35
Sept	1672-74	—18.5	1684-65
Nov	1671-72	—12.5	1679-65
January	1660-68	—7.0	1656
March	1610-39	—15.5	1635

Sales: 4,876 (2,556) lots of 5 tonnes.

ICO Indicator prices for March 28 (cents per pound): Other Mild Arabicas 181.50 (182.50); Robustas ICA 1976 165.50 (167.00); ICA 1968 165.75 (167.25); Unwashed Arabicas 202.50 (203.00). Comp. daily ICA 1968 185.67 (186.63).

GRAINS

LONDON GRAIN FUTURES—Old crops opened lower, values eased in very thin trading conditions on commercial selling but buying interest steadied the market which closed firm 5p higher on the day. New crops saw very little interest and closed slightly easier, unchanged to 10p lower on the day, reports Acli.

Mnth	WHEAT Yest'rdays close	+ or —	BARLEY Yest'rdays close	+ or —
May	94.85	—0.05	93.85	—0.05
Sept	88.20	—0.10	91.35	—0.05
Nov	97.15	—0.10	95.45	—
Jan	101.10	—0.10	99.45	—0.10

Business done—Wheat: May 94.85, 94.50. Sept. 93.35-93.30. Nov. 97.20. Jan. 101.20-101.25. Sales: 105 lots of 100 tonnes. Barley: May 93.85, 93.50. Sept. 91.35-91.20. Nov. 95.45, 95.45. Jan. 99.50-99.50. Sales: 67 lots of 100 tonnes.

HGCA—Locational ex-farm spot prices. Feed Barley: Eastern 93.10, E. Midlands 92.60, N. East 94.80, Scotland 93.10. The UK Monetary Coefficient for the week beginning Monday, April 7 (based on HGCA calculations using 4 days' exchange rates) is expected to decrease to 1.009.

IMPORTED—Wheat: U.S. Dark Northern Spring No. 2 14 per cent, April and May 94.25, June and July 94.50. Aug. 93.45, Sept. 93.25. Oct. 98.00 transhipment East Coast. English Feed fob April 97.50, May 99.00, East Coast. Maize: U.S./French April 116.50, May 117.50 transhipment East Coast. S. African Yellow April-May 78.50. Barley: English feed fob April 99.00, May 99.20, June 100.50 East Coast sellers. Rest unquoted.

RUBBER

The London physical market opened about unchanged, with little interest throughout the day, closing quiet. Lewis and Peat reported a Malaysian godown price of 314 (315) cents a kg (buyer, April).

No. 1 R.S.S.	Yest'rdays Close	Previous Close	Business Done
May	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]
Jly-Sept	[illegible]	[illegible]	[illegible]
Oct-Dec	[illegible]	[illegible]	[illegible]
Jan-Mar	[illegible]	[illegible]	[illegible]
Apr-Jne	[illegible]	[illegible]	[illegible]
Jly-Sept	[illegible]	[illegible]	[illegible]
Oct-Dec	[illegible]	[illegible]	[illegible]
Jan-Mar	[illegible]	[illegible]	[illegible]

Sales: 498 (611) at 15 tonnes, 14 (49) at 5 tonnes.

Physical closing prices (buyer) were: Spot 64.50p (same); May 68.25p (68.0p); June 69.25p (68.75p).

SOYABEAN MEAL

The London market opened slightly steadier on light short-covering, reports T. G. Roddick. Prices remained steady throughout the day in dull trading conditions.

	Yest'rd'y Close	+ or —	Business Done
	£ per tonne		
April	110.90-11.5	+0.60	—
June	108.50-8.60	+0.30	108.60
August	109.70-9.80	+0.80	109.70
October	106.80-7.00	+0.05	107.60-107.00
December	110.20-10.3	+0.25	110.40-10.50
February	112.50-15.5	+1.00	—
April	115.00-17.5	+0.50	—

Sales: 67 (123) lots of 10 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar): £202.00 (£200.00) a tonne cif for March-April-May shipment. White sugar daily price was £216.00 (same).

Although first trades were some £3.00 above pre-weekend levels, trade selling developed and prices quickly fell back. Later prices rallied sharply following a strong New York which appeared to be responding to the successful resolution of recent margin problems for silver. The market closed at the highs of the day, some £10 above the low points, reports C. Czarnikow.

Sugar Pref. Comm. Con.	Yest'rdays Close	Previous Close	Business Done
	£ per tonne		
March	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]

Sales: 6,636 (6,941) lots of 50 tonnes.

No. 4 CONTRACT—Close (in order buyer, seller, only): May 225.15, 227.00; Aug 234.00, 235.00; Oct 238.05, 240.00; Jan 244.05, 247.00; March 262.00, 264.00; May 263.05, 264.70. Sales: 407 (568).

Tate and Lyle ex-refinery price for granulated basis white sugar was £321.7 (same) a tonne for home trade and £202 (£203.00) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean port. Prices for March 28: Daily price 17.85 (18.66); 15-day average 18.70 (18.86).

WOOL FUTURES

BRADFORD WOOL—Business is quiet, but Australian values might be steadier than last week, market sources said.

SYDNEY GREASY WOOL—Close (in order buyer, seller, business, sales). Australian cents per pound. May 450.0, 455.0-448.0, 123; July 464.5, 471.0-463.5, 496; Oct. 468.0, 475.0, 470.0-470.0, 107; Dec. 473.5, 477.0-473.0, 131; March 478.0, 480.0-478.0, 133; May 475.0, 479.0, 480.0-478.0, 16; July 478.0, 481.0-478.0, 12. Sales: 1,000.

LONDON NEW ZEALAND CROSS-BREDS—Close (in order buyer, seller, business, sales). New Zealand cents per kilo. May 370, 377, nil, nil; Aug. 380, 396, nil, nil; Oct. 380, 380, 385, 20; Dec. 380, 393, 394, 400-392, 9; Jan. 398, 405, 398, 2; March 410, 420, nil, nil; May 415, 520, nil, nil; Aug. 420, 430, nil, nil. Sales: 31.

PRICE CHANGES

In tonnes unless otherwise stated.

	Mar. 31 1980	+ or —	Month ago
Metals			
Aluminium	£810/815		£810/815
Free Mkt	$1800/1860		$2160/2200
Copper			
Cash w'bar	£944.5	+11.5	£1,187
3 mths	£961.5	+12.5	£1,202.5
Cash Cathode	£901.5	+6	£1,136
3 mths	£932.75	+8.25	£1,163.5
Gold troy oz	$504	+19	$637.5
Lead cash	£452	+9.5	£579
3 mths	£430.5	+11	£588
Nickel	£3,325		£3,325
Freemkt(cif (lb)	[illegible]		[illegible]
Platin'mtr'y oz	£189-193		£189
Free mkt	£254.16	+17.8	£402.95
Quicksil'ver†	$400/410	—1	$385
Silver troy oz	622.40p	—22.3	[illegible]
3 months	609.50p	—29.5	[illegible]
Tin Cash	£7,745	+97.5	£7,910
3 mths	£7,760	+57.5	£7,900
Tungsten22.04lb	$141.34		$139.11
Wolfrm 22.04 lbs.	$140/149		$141/147
Zinc cash	£307.5	—1.5	£290.5
3 months	£315.5	—1	£298.5
Producers	$825		$825
Oils			
Coconut (Phil)	$720y		$715
Groundnut			
Linseed Crude	£430		£420
Palm Malayan	$617.50z	—2.5	$650
Seeds			
Copra Philip	$485x	—5	$562.5
Soyabean(U.S.)	$263.20x	—0.75	$265.4
Grains			
Barley Futures	£91.35	+0.05	£96
Maize			
French No3AM	£116.50y		£116.50
Wheat			
No. 1 Red Spg.			
No2HardWint.			
Eng. Millingt			
Other commodities			
Cocoa ship.t	£1,440	+0.05	£1,496
Future May	£1,409.5	+1	£1,408.5
CoffeeF't'rMay	£1,616	—26.5	£1,593
Cotton A.Index	93.95c	—0.8	88.5c
Rubber (kilo)	64.50p		74p
Sugar (Raw)	£202	+2	£200
Wooltp's 64s kl	353p kilo		387p kilo

s June. v May. t March-April. u April. w April-May. x July. z Indicator. § Buyer. ¶ Per 76 lb flask.

TEA AUCTION

LONDON TEA AUCTION — 45,802 packages were offered at yesterday's auction. Brighter Assams were well supported at firm to dearer rates, but plainer types were 1p-3p easier. Bangladesh teas also lost ground. Best and good mediums, Africans, CTCs met with useful competition and sometimes advanced. Lower mediums tended easier. Ceylons met improved demand at around last rates. Price indications for the week: Quality 140p per kilo (140p); Medium 113p (115p); Plain 59p (61p).

GRIMSBY FISH—Supply good, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £4.90-£5.40, codlings £3.40-£4.60; large haddock £4.20-£5.00, medium £4.00-£4.60, small £2.20-£3.80; large plaice £5.00-£5.40, best small £3.80-£4.90; skinned dogfish (medium) £12.50; Lemon soles (large) £10.00, medium £8.00; Reds £2.60-£3.20; Saithe £2.20-£2.70.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 58.0 to 71.0. Eire hind quarters 83.0 to 85.0. Forequarters 51.0 to 53.0. Veal: English fats 78.0 to 90.0. Dutch hinds and ends 100.0 to 112.0. Lamb: English small 84.0 to 78.0; medium 64.0 to 68.0, heavy 60.0 to 64.0. Scotch medium 64.0 to 70.0, heavy 60.0 to 64.0. Imported frozen: N.Z. PL 56.0 to 56.0, PM 54.0 to 55.0. Pork: English, under 100 lbs 40.0 to 49.0, 100-120 lbs 39.0 to 47.0, 120-160 lbs 38.0 to 48.0.

MEAT COMMISSION—Average fatstock prices at representative markets on March 31: GB Cattle 86.32p per kg lw (+1.12). UK Sheep 168.9p per kg est dcw (—0.9). GB Pigs 67.5p per kg lw (—1.1).

COVENT GARDEN—Prices in sterling per package except where otherwise stated: English Produce: Potatoes—Per bag 2.40-2.80. Mushrooms—Per pound 0.60-0.75. Apples—Per pound Bramley 0.09-0.16, Cox's Orange Pippin 0.12-0.22, Laxtons 0.10-0.12, Spartans 0.11-0.14. Pears—Per pound Conference 0.08-0.17. Swedes—Per 25/28-lb 0.70-0.80.

AMERICAN MARKETS

NEW YORK, March 28.

GOLD WAS sharply higher on short-covering and new buying. Silver was higher in the spot month on short-covering. Copper was higher on good commission house buying reflecting the firmness in gold, while sugar was sharply lower on stop-loss selling. The cocoa was lower on the lack of dealer support which encouraged long commission house liquidation. Coffee and cocoa were lower on the lack of dealer support. Cotton was higher on expectations of Government purchases, while wheat was higher on short-covering, reported Heinold.

Cocoa—May 133.40 (134.90), July 130.00 (133.15), Sept. 132.55, Dec. 2935, March 2970, May —, July —. Sales: 1,484.

Coffee—"C" Contract: May 185.00-185.50 (187.58), July 189.76-189.50 (182.76), Sept. 194.01-194.50, Dec. 187.25-187.50, March 179.25-182.00, May 179.85, July 181.00. Sales: 3,810.

Copper—April 83.30 (84.20), May 89.60-90.00 (85.80), July 92.60-93.00, Sept. 95.00, Dec. 97.50, Jan. 98.70.

Gold—April 508.0-510.0 (483.0), May 516.5 (487.5), June 521.0-528.0, Aug. 540.0-542.0, Oct. 557.6, Dec. 570.0, Feb. 582.0, April 590.3, June 608.5, Aug. 621.0, Oct. 634.5, Dec. 671.1, Feb. 687.3. Sales: 23,000.

Orange Juice—May 91.00 (94.10), July 91.00 (94.70), Sept. 93.00, Nov. 93.50, Jan. 92.80, March 93.50, May 94.60, July 95.10-95.50. Sales: 600.

Platinum—April 510.0-512.0 (482.0), May 520.0 (490.0), July 540.0-550.0, Oct. 560.2, Jan. 587.5, April 623.5, May unquoted. Sales: 2,178.

†Silver—April 1170.0-1230.0 (1080.0), May 2005.0-2105.0, June 2035.0, July 2075.0, Sept. 2147.0, Dec. 2227.0, Jan. 2264.0, March 2308.0, May 2362.0, July 2416.0, Sept. 2470.0, Dec. 2540.0, Jan. 2564.0. Sales: 38,000. Handy and Harman bullion spot 1160.00 (1100.00).

Sugar—No. 11: May 19.15-19.30 (19.54), July 19.42-19.50 (20.42), Sept. 20.38, Oct. 20.83, Jan. 21.85, March 22.88, May 22.98, July 23.15. Sales: 13,996.

Tin—780.00-805.00 asked (790.00-800.00).

CHICAGO, March 28.

Lard—Chicago loose 19.62 (same). New York prime steam 21.12.

Live Cattle—April 63.40-63.75 (63.72), June 64.15-64.30 (65.65), Aug. 63.80, Oct. 62.65, Dec. 64.25-64.35, Jan. 64.60, Feb. 64.95-64.90.

Live Hogs—April 29.90-29.67 (31.17), June 33.85-33.75 (35.10), July 35.65-35.60, Aug. 35.45-35.30, Oct. 35.30-35.05, Dec. 39.30-39.10, Feb. 41.40, April 40.60, June 44.30.

‡Maize—May 259-260 (258½), July 272½-272¼ (271½), Sept. 284¼-284½, Dec. 292½-292¾, March 306, May 315½.

Pork Bellies—May 35.25-35.25 (37.25), July 36.75-36.67 (38.67), Aug. 35.90-35.72, Feb. 48.20-48.50, March 48.50, May 50.25, July-Aug. unquoted.

Silver—April 1150.0-1140.0 (1065.0), June 1805.0 (1835.0), Aug. 1865.0, Oct. 1925.0, Dec. 1960.0, Feb. 2040.0, April 2105.0, June 2160.0, Aug. 2220.0, Oct. 2280.0, Dec. 2340.0, Feb. 2400.0, April 2460.0, June 2520.0.

†Soyabeans—May 595½-593½ (596½), July 621-620 (622½), Aug. 630-630½, Sept. 640, Nov. 653-655, Jan. 677-676½, March 696½, May 709½-710.

†Soyabean Meal—May 163.5 (163.9), July 170.8-170.6 (170.5), Aug. 173.6-174.0, Sept. 177.8-177.1, Oct. 180.0, Dec. 184.5-184.8, Jan. 186.8-186.2, March 191.0-191.5, May 193.0-194.0, July 196.0-198.0.

Soyabean Oil—May 21.22-21.25 (21.52), July 21.78-21.79 (22.03), Aug. 22.10-22.07, Sept. 22.35, Oct. 22.51, Dec. 23.10-23.05, Jan. 23.25, March 23.85, May 23.95, July 24.35-24.40.

†Wheat—May 397-393 (409½), July 411-407 (419½), Sept. 425-425½, Dec. 443½, March 460-461, May 469.

WINNIPEG, March 28.

†Barley—March 110.20 (111.00), May 112.50 (112.70), July 114.50, Oct. 112.60, Dec. 112.90.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 213.40 (214.00).

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ‡ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. || $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq. feet. ‡ Cents per dozen.

Closing prices for North America were not available for this edition.

EUROPEAN MARKETS

ROTTERDAM, March 31.

Wheat—U.S. No. 2 Red Winter May $180, June $177, July $177, Aug. $180. U.S. No. 2 Northern Spring 14 per cent: April $187, May $187, June $188, July $188, Aug. $188, Sept. $193, Oct. $197, Nov. $201, Dec. $206. Rest unquoted.

Maize—U.S. No. 3 Corn Yellow afloat $130, April $129, May $129.75, June $132.50, July-Sept. $138.50, Oct.-Dec. $143, Jan.-March $151. Argentine Plate $137 traded.

Soyabeans—U.S. Two Yellow Gulfports afloat $248, April $248.50, May $254, June $256.25, July $259.25, Aug. $263, Sept. $262, Oct. $270.25, Nov. $270.25, Dec. $277.25, Jan. $281, Feb. $287.50, March $288.

Soyameal—44 per cent protein U.S. afloat $218, April-May $218, May-Sept. $220, Nov.-March $238. Brazil Pellets afloat $231, April $228, May $228, June $229, Aug. $229, Sept. $233, Nov.-March $248.

PARIS, March 31.

Cocoa (FFr per 100 kilos)—May 1345-1350, July 1350, Sept. 1360, Dec. 1375-1390, March 1380-1400. Sales at call 0.

Sugar (FFr per 100 kilos)—May 2166-2160, July 2180-2220, Aug. 2220-2222, Oct. 2205-2230, Nov. 2395, Dec. 2335-2460, March 2460-2520, May 2500-2580. Sales at call 11.

INDICES

FINANCIAL TIMES

Mar. 28	Mar. 27	M'nth ago	Year ago
256.5	287.55	304.56	276.09

(Base: July 1, 1952=100)

MOODY'S

Mar. 28	Mar. 27	M'nth ago	Year ago
1104.9	1119.5	1410.8	1047.1

(December 31, 1931=100)

DOW JONES

Dow Jones	Mar. 28	Mar. 27	Month ago	Year ago
Spot	413.35	415.56	439.84	378.09
F'tur's	432.92	426.96	451.67	387.09

(Average 1924-25-26=100)

REUTERS

Mar. 31	Mar. 28	M'nth ago	Year ago
1706.7	1709.9	1800.4	1566.3

(Base: September 18, 1931=100)

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Markets helped by hopes of early end to steel strike
Index regains 5.5 of two-day fall of 13.6—Gilts rally

Account Dealing Dates
Options

*First Declara- Dealings	tions	Last Dealings	Account Day
Mar. 24	Apr. 10	Apr. 11	Apr. 21
Apr. 14	Apr. 24	Apr. 25	May 6
Apr. 28	May 8	May 9	May 19

* "New time" dealings may take place from 9 am two business days earlier.

The second leg of the three week Stock Exchange Account got off to a firm start yesterday. Encouraged by hopes that the recommendations of the steel inquiry will lead to an early end to the 13-week-old dispute, both the main investment sectors made useful progress.

A moderate demand in a thin market left British Funds with gains to ½, while the better feeling in equities saw the FT 30-share index, at 427.0, pick up 5.5 of the 13.6 lost since Sir Geoffrey Howe's Budget.

However, the adverse effects of a continuing long spell of record UK interest rates were again overshadowing markets and deterred any real investment incentive. Nevertheless, after an early improvement based mainly on bear closing, the majority of leading industrials edged a little higher and final quotations were around the day's best. Much of the genuine business was transacted in the earlier dealings and another big demand for bed and breakfast deals accounted for a large proportion of the day's trade.

Week-end Press comment created only a modest amount of interest, and it was left to companies making statements to provide the few highlights of the day.

Gold mining shares fared little better in the way of activity. Prices moved in line with the fluctuations in the price of Gold bullion and ended a little easier on the day. The Gold Mines index lost 5.7 more at 273.4 following last week's drop of 27.3.

The Gilt-edged market showed a resumption of the firmer trend prevailing ahead of last week's Budget. Business was slow again but sentiment, still clouded by the uncertain economic outlook and the prospect of only slow and steady progress towards lower inflation and interest rates, was given a fillip by favourable reports of initial reactions to the findings of the committee of inquiry into the steel dispute. Consequently, small buying in a market none too well supplied with stock helped quotations to close at their best of the day. Improvements in the shorts ranged to 1/16, while rises in the longs stretched to ⅜. The tap Treasury 14 per cent 1996 £50 paid stock closed 1/32 higher at £49 13/32. An above-average gain of 1⅛ points was seen in the medium-dated Transport 3 per cent 1978-88 at £57⅛.

Despite the taxation changes announced in last week's Budget, investment incentive was again lacking in Traded options and only 141 contracts were completed—the lowest level of business since Christmas Eve. Last week's daily average amounted to 591.

Composites firm

Still drawing strength from the better-than-expected preliminary results, Eagle Star found fresh support and closed 6 to the good at 173p. Other Composites also attracted buyers with Phoenix up 4 at 214p and Sun Alliance 6 dearer at 540p ahead of annual statements tomorrow. Commercial Union rose 4 to 131p as did GRE, to 228p, while Royals put on 13 to 323p. Elsewhere, Equity and Law Life added 6 to 200p and C. E. Heath 5 to 205p.

Recently firm on suggestions of a bid from the U.S. concern Citibank, UDT put on 3 more to 58p. Elsewhere in Hire Purchases, F.C. Finance fell 3 for a two-day loss of 8 to 52p on the profits setback and unchanged dividend. Kleinwort Benson softened 2 to 138p ahead of tomorrow's preliminary figures.

Business among Breweries was mainly restricted to "bed and breakfast" deals which helped the leaders to close with modest gains. Bass added 3 to 217p, while Allied picked up a couple of pence to 72p. Wines and Spirits also took on a firmer appearance with Distillers gaining 3 at 198p.

Grattan recover

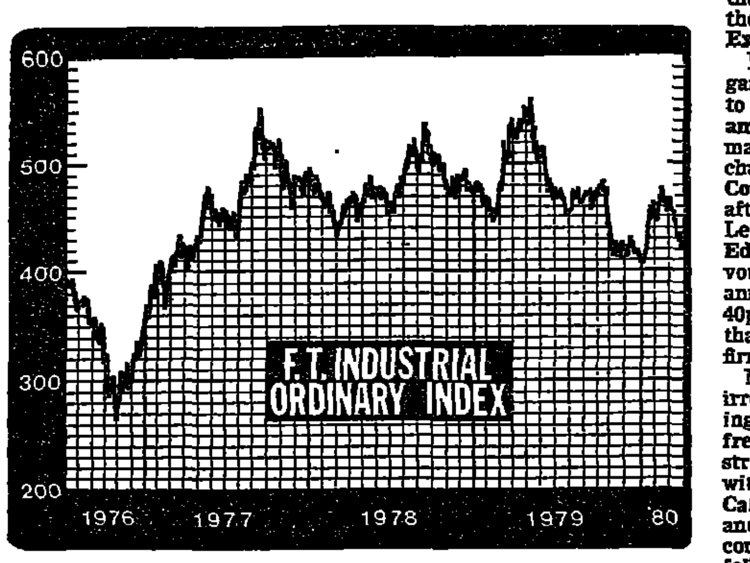
Special situations were usually responsible for movements of note in Buildings. Bryant Holdings responded to the good half-yearly results with a gain of 3 to 63p, while Federated Land and Building added a like amount to 64p following the annual figures. Norwest Holst, however, shed 5 to 125p on partnership allegations about bidders Dunham Mount, while S.G.B. eased a couple of pence to 235p as take-over hopes faded. Among Cements, small selling in a thin market left Marshalls (Halifax) at a 1980 low of 183p, but Tunnel "B" picked up 6 to 186p and Blue Circle put on 2 to 288p. In Timbers, Magnet and Southerns also improved 2, to 167p, and Mallinson-Denny a penny to 61½p, while Phoenix touched 131p before reverting to the pre-weekend level of 128p and International shed 2 to 105p.

Although business in ICI was relatively subdued, the price edged 6 higher to 368p.

Sharply reduced preliminary profits from Combined English Stores proved to be no worse than market expectations and the shares, down to 30p immediately ahead of the announcement, rallied to close a net penny better at 33p. Among mail-orders, Freemans picked up from recent dullness to close 4 up at 124p following annual results better than anticipated. Empire hardened 2 to 182p, while Grattan, down 14 last week following an adverse broker's circular, recovered 6 to 70p. Elsewhere in secondary issues, Harris Queensway became a firm market awaiting tomorrow's full-year statement and closed 4 better at 186p. Ratners added 2 to 46p, but Executex shed that amount to 29p on the resignation of the company secretary. A shade firmer at the outset, leading counters drifted easier for want of attention and closed a net penny or so cheaper. Marks and Spencer eased 2 to 86p.

Business in the Electrical leaders failed to expand from the recent low levels, but prices made modest improvements aided by some early bear closing. GEC gained 4 to 367p and Plessey a similar amount at 136p. Thorn, unchanged at 290p, became a steadier market after the recent setback on the proposed phased reduction in capital allowances for television rentals. Elsewhere, the trend was irregular. Awaiting tomorrow's preliminary results, BICC encountered scattered demand and put on 4 to 112p. Muirhead picked up a few pence to 198p along with Wholesale Fittings, 5 dearer, at 600p. On the other hand, fresh offerings left H. Wigfall 7 lower at 203p.

Hopes that the steel dispute could be over this week provided a fillip to the engineering leaders which closed with improvements ranging to 5. Ahead of tomorrow's preliminary results, GKN closed that much better at 258p, while Hawker rose 4 to 180p. Adwest finished 8 higher at 158p: the interim figures are due on April 11. Glynwed firmed a penny to 98p on the favourable results and Brown and Tawse hardened 3 to 131p in response to Press comment. Lake and Elliot, at 30p, retrieved 2 of last Friday's fall of 12 which followed the half-yearly deficit and passing of the interim dividend, while Hill and Smith, 48p, Molins, 100p, and Prestwich Parker, 24p, all improved 3.



The Food sector attracted small buyers. Associated Biscuit were notably firm, at 81p, up 6, following favourable Press comment, while Rowntree Mackintosh picked up 5 to 144p. J. Sainsbury, a dull market of late on adverse brokers' circulars, hardened a couple of pence to 290p. Butchers Bernard Matthews firmed 15 to 310p in a thin market in continued response to the increased annual profits and proposed 100 per cent scrip issue.

Booker McConnell up

Miscellaneous industrial leaders started the week on a quietly firm note with hopes that a settlement in the steel dispute might be imminent. Subdued last week following the Budget increase in prescription charges, Beecham added 4 to 118p and Glaxo picked up 2 to 242p. Elsewhere, Booker McConnell rose 6 to 233p as the share-slimming proposals and increased dividend outweighed the disappointing profits. Confirmation of the Boardroom dispute prompted a rally in Camrex, which at 35p, retrieved 3 of last Friday's fall of 7. Low and Bonar gained 4 to 174p on the results, and trading news brought about improvements of a penny or so in Rockware, 91p, BBA, 44p, and Provincial Laundries, 33p. Details of a partial offer from Tinnox Ltd, a Hong Kong concern, buoyed Barget which were marked up 3 to 14p but Howard Tenens, recently the subject of much bid speculation, dipped 4 to 65p, after 63p, following details of the £1.4m rights issue. Despite the increased profits, Reed Executive softened 2 to 85p.

Favourable Press comment on gaming shares helped Ladbroke to a gain of 3 at 132p. Pleasurama, a particularly depressed market of late on the casino tax changes, rallied 3 to 128p, while Coral hardened a penny to 76p, after 78p. Elsewhere in the Leisure sector, Black and Edgington succumbed to nervous selling ahead of tomorrow's annual results and eased 3 to 40p, but Photax (London) added that much to 58p, and Pan Atlas firmed 2 to 21p.

Motor sectors plotted an irregular course in quiet trading. Among Distributors, Godfrey Davis continued to draw strength from last week's deal with Eurocar and rose 5 to 173p. Caffyns however lacked support and shed 4 to 150p, while Lucas continued the recent recovery following disappointing first-half profits and rose 3 to 213p. Support was also seen for Dowty, 4 better at 169p.

Properties mirrored the general trend and closed with moderate gains. Land Securities improved 4 to 290p and MEPC 3 to 190p, while Great Portland Estates added 6 to 226p and Haslemere Estates 4 to 293p. Slough Estates and Scottish Metropolitan put on 3 apiece to 120p and 126 respectively, the latter in belated response to the half-yearly results.

Oils idle

Business in Oils was particularly slow, but small buyers appeared in the after hours' dealings and closing levels were usually the best of the day. BP and Shell both finished 4 to the good at 350p and 336p respectively. Elsewhere, Ultramar attracted late support and firmed 6 to 516p, but Tricentrol held at 274p. Among the more speculative issues, Siebens (UK) touched 565p before reverting to the pre-weekend level of 555p, but Berkely Exploration put on 6 to 108p. Charterhall firmed 5 to 70p and Silkolene 8 to 126p ahead of first-half figures due today. Clyde added 12 to 398p, after 401p, following favourable weekend Press comment. Attock, on the other hand, shed 6 to 198p on the uninspiring interim performance.

Among Shippings, P and O Deferred closed 2½ higher at 107½p, after 109p. Already a firm market at 108½p in front of the preliminary results, Ocean Transport hardened a shade further on them to close 4 dearer at 109p.

In Textiles, Courtaulds added a couple of pence to 68p, while Lister, 55p, recovered 2 of Friday's fall of 6 which followed the surprise first-half loss.

After last week's advance of 107p on hopes of a renewed bid from Sime Darby, Guthrie reacted 37 to 875p. Other Rubbers also finished easier with Castlefield, 485p, and Malakoff, 90p, falling 7 and 3 respectively.

Golds down again

Mining markets began the week in subdued fashion. Gold shares lost ground for the fifth successive trading day despite a rise of $19 in the bullion price to $504 an ounce.

Jobbers marked up share prices at the outset, reflecting the initial strong advance in the bullion price. However, professional selling and the subsequent easier trend in bullion caused the market to drift throughout the rest of the day and the majority of issues were showing losses at the close. The Gold Mines index fell 5.7 to 273.4—down 52.8 over the past five trading days.

Among the heavyweights, Randfontein were particularly weak and fell almost a point to £26¾, while losses of around ½ were common to Durban Deep, £10½, Hartebeest, £21⅝, Vaal Reefs, £22½ and Free State Geduld, £20½.

Financials mirrored the pattern in Golds. Anglo American Corporation closed 15 firmer at 500p, after 510p, Minorco added a like amount to 240p and General Mining closed 7 harder at 700p "ex-rights" with the rights quoted at 73p premium.

Platinum staged a good recovery after the heavy losses sustained last week. Impala ended 13 better at 253p, Rustenburg 9 up at 193p and Lydenburg 5 firmer at 122p.

Australians provided features in the Rundle oil-shale partners and the Ashton diamond venturers.

Rumours of a share-split encouraged a good demand for Central Pacific, which advanced £3¼ to £19 and Southern Pacific, which gained 113 to 725p.

Anticipation of the next progress report from the Ashton group prompted good gains in the participants. Conzinc Riotinto put on 6 to 236p, Ashton 7 to 122p and Northern Mining 4 to 108p.

FINANCIAL TIMES STOCK INDICES

—	Mar. 31	Mar. 28	Mar. 27	Mar. 26	Mar. 25	Mar. 24	A year ago
Government Secs.	64.58	64.02	64.30	64.61	64.40	64.19	75.68
Fixed Interest	65.02	64.81	64.97	65.00	64.91	64.87	76.30
Industrial	427.0	421.5	425.1	435.1	430.3	427.2	532.2
Gold Mines	273.4	279.1	287.7	304.4	316.5	326.2	152.4
Ord. Div. Yield	8.07	8.17	8.16	7.94	8.02	8.07	5.34
Earnings, Yld. % (full)	20.01	20.26	20.31	19.77	19.98	20.10	14.16
P/E Ratio (net) (*)	6.12	6.05	6.00	6.17	6.11	6.07	9.00
Total bargains	25,475	22,402	19,525	17,678	21,194	19,238	—
Equity turnover £m	—	169.49	142.32	72.68	78.79	64.44	104.05
Equity bargains total	—	18,354	17,372	12,273	15,685	13,988	27,970

10 am 421.9. 11 am 424.0. Noon 424.4. 1 pm 424.4.
2 pm 425.2. 3 pm 425.5.
Latest Index 01-246 8026.
*Nil=5.86.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1980 High	1980 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	69.26 (21/1)	63.85 (7/3)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	69.61 (21/1)	64.70 (10/3)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	478.8 (13/2)	406.9 (3/1)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	377.9 (29/2)	265.5 (18/3)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	Mar. 31	Mar. 28
—Daily		
Gilt Edged	115.8	117.8
Industrials	106.4	162.2
Speculative	39.5	40.3
Totals	72.5	102.8
5-d'y A'vr'ge		
Gilt Edged	127.9	130.0
Industrials	121.5	121.8
Speculative	38.1	39.0
Totals	83.4	84.2

MONTHLY AVERAGES OF STOCK INDICES

—	March	February	January	December
Financial Times				
Government Securities	64.23	65.93	67.14	64.76
Fixed Interest	64.84	66.93	68.00	65.58
Industrial Ordinary	440.8	460.7	440.6	419.8
Gold Mines	314.5	347.9	315.8	258.5
Total Bargains	20,844	21,834	22,616	15,221
F.T.—Actuaries				
Industrial Group	234.24	230.54	219.73	209.33
500 Share	266.28	275.23	257.86	249.63
Financial Group	190.82	197.63	187.93	179.53
All-Share (750)	248.54	257.99	240.85	230.78
Red. Debs. & Loans	49.79	51.18	50.19	49.49

	High	Low
Industrial Ordinary	463.5 (3rd)	421.5 (28th)
All-Share	263.23 (3rd)	238.52 (28th)

NEW HIGHS AND LOWS FOR 1980

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1980.

NEW HIGHS (17)

BRITISH FUNDS (3)
Treas. 3½pc '77-80 Exch. 12¼pc 1985
Treas 9½pc 1981
CORPORATION LOANS (1)
Burnley 13pc 1987
PUBLIC BOARDS (1)
U.S.M.C. 9pc 1982 without Warrants
FOREIGN BONDS (1)
Chinese 5pc 1925 Boxer
BANKS (1)
Brown Shipley
BUILDINGS (1)
Federated Land & Building
ELECTRICALS (1)
Vitatron N.V.
ENGINEERING (1)
Assoc. Tooling
INDUSTRIALS (2)
Astbury & Madeley Stag Furniture
INSURANCE (1)
Eagle Star
TRUSTS (2)
Clifton Invs. [illegible]
OIL & GAS (1)
Clyde Petroleum

NEW LOWS (98)

FOREIGN BONDS (2)
AMERICANS (1)
BANKS (6)
BEERS (2)
BUILDINGS (7)
CHEMICALS (3)
DRAPERY & STORES (3)
ELECTRICALS (3)
ENGINEERING (11)
FOODS (3)
HOTELS (1)
INDUSTRIALS (21)
INSURANCE (1)
LEISURE (2)
MOTORS (3)
NEWSPAPERS (2)
PAPER & PRINTING (5)
PROPERTY (1)
SHIPPING (1)
SHOES (1)
TEXTILES (2)
TRUSTS (7)
OILS (3)
MINES (7)

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Mon., Mar. 31, 1980 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Fri., Mar. 28 Index No.	Thurs., Mar. 27 Index No.	Wed., Mar. 26 Index No.	Tues., Mar. 25 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	229.96	+0.9	19.17	6.83	6.58	227.91	228.96	231.45	229.50	278.35
2	Building Materials (28)	222.33	+0.6	18.22	7.06	6.92	221.01	222.69	226.75	226.08	252.78
3	Contracting, Construction (28)	348.10	+0.3	27.40	6.99	4.45	347.12	348.34	350.62	349.90	412.60
4	Electricals (15)	600.30	+1.3	13.45	4.16	9.90	592.74	591.99	597.09	589.21	656.90
5	Engineering Contractors (11)	270.83	+0.2	27.91	9.49	4.58	270.16	274.25	277.58	274.38	397.86
6	Mechanical Engineering (74)	155.89	+0.7	22.18	8.38	5.68	154.78	155.73	157.14	155.50	203.00
8	Metals and Metal Forming (16)	158.35	+1.4	21.72	9.78	5.49	156.14	157.72	159.53	158.75	175.12
11	CONSUMER GOODS (DURABLE) (50)	204.95	+0.3	16.75	6.17	7.39	204.27	205.67	213.76	211.65	243.50
12	Lt. Electronics, Radio, TV (15)	290.18	+0.3	13.25	4.58	9.68	289.29	291.99	304.49	300.98	330.98
13	Household Goods (14)	103.73	−0.4	28.65	10.63	4.13	104.20	104.43	105.74	105.42	171.26
14	Motors and Distributors (21)	102.35	+0.6	23.65	9.49	5.02	101.76	101.87	105.53	104.80	125.40
21	CONSUMER GOODS (NON-DURABLE) (173)	209.49	+0.5	19.33	7.37	6.36	208.50	210.21	214.34	211.22	251.89
22	Breweries (14)	258.22	+1.3	17.12	6.80	6.86	254.90	257.74	267.43	258.27	277.68
23	Wines and Spirits (5)	290.04	+1.3	18.78	6.42	6.56	286.29	290.26	308.73	290.64	347.43
24	Entertainment, Catering (17)	287.44	+1.4	19.30	7.31	6.48	283.50	283.43	291.96	285.46	343.31
25	Food Manufacturing (19)	185.26	+0.7	21.97	8.20	5.62	183.95	185.55	188.65	187.07	228.08
26	Food Retailing (15)	291.29	+0.8	14.25	5.18	8.38	289.02	291.70	294.50	291.93	294.29
32	Newspapers, Publishing (13)	394.62	+0.1	25.57	7.63	5.34	394.36	400.14	402.44	401.85	456.57
33	Packaging and Paper (15)	123.15	—	24.80	9.33	5.09	123.13	124.69	125.75	124.32	148.07
34	Stores (43)	208.95	−0.2	14.69	5.53	8.80	209.35	211.86	214.49	212.68	248.10
35	Textiles (24)	120.26	+0.3	29.52	12.81	4.27	119.86	122.63	124.72	123.18	185.65
36	Tobaccos (3)	197.58	—	29.47	11.91	3.85	197.58	194.18	199.21	197.16	275.37
37	Toys and Games (5)	30.36	−2.2	49.54	16.72	2.48	31.03	31.52	31.66	31.47	94.72
41	OTHER GROUPS (97)	194.80	+1.1	18.03	7.50	6.64	192.65	194.07	197.63	196.01	225.39
42	Chemicals (16)	291.82	+1.5	21.27	8.22	5.39	287.41	289.47	296.22	292.68	313.29
43	Pharmaceutical Products (7)	197.94	+2.0	12.97	6.61	9.35	194.04	195.57	199.22	198.38	280.50
44	Office Equipment (6)	108.31	+1.6	19.58	7.57	5.89	106.63	107.96	109.83	109.01	149.56
45	Shipping (11)	449.30	+1.0	11.46	6.89	11.06	444.75	444.55	450.95	450.45	442.29
46	Miscellaneous (57)	226.74	+0.2	18.32	7.31	6.87	226.25	228.05	231.31	229.47	251.63
49	INDUSTRIAL GROUP (492)	217.46	+0.7	18.79	7.18	6.55	215.89	217.39	221.42	218.95	257.29
51	Oils (8)	718.52	+1.1	30.57	7.09	3.48	710.59	694.63	720.87	706.71	669.95
59	500 SHARE INDEX	257.09	+0.8	21.26	7.16	5.53	255.03	255.24	260.97	257.60	290.92
61	FINANCIAL GROUP (118)	187.20	+1.1	—	6.38	—	185.21	186.32	188.62	186.51	204.55
62	Banks (6)	204.98	+0.7	47.44	7.46	2.57	203.54	203.86	208.18	203.87	245.74
63	Discount Houses (10)	211.65	−0.8	—	9.43	—	213.34	212.38	211.42	209.06	257.30
64	Hire Purchase (5)	188.61	+1.4	17.42	5.26	7.46	185.99	186.57	185.70	185.80	185.27
65	Insurance (Life) (10)	162.86	+1.3	—	7.34	—	160.73	161.68	163.47	164.84	164.97
66	Insurance (Composite) (9)	121.80	+2.3	—	8.19	—	119.04	120.18	120.96	118.01	143.20
67	Insurance Brokers (10)	283.01	+0.8	17.42	7.12	8.08	280.82	288.42	292.99	291.73	345.59
68	Merchant Banks (14)	98.32	−0.6	—	6.27	—	98.94	99.44	99.31	99.21	93.96
69	Property (45)	356.91	+1.0	3.65	3.13	39.32	353.48	354.69	360.21	358.62	344.61
70	Miscellaneous (9)	127.07	+0.1	16.35	7.20	8.03	126.95	127.44	127.08	125.94	125.64
71	Investment Trusts (109)	203.48	−0.3	—	6.40	—	203.99	206.18	203.87	202.15	229.75
81	Mining Finance (4)	180.74	+1.4	12.75	4.89	9.52	178.18	181.50	187.79	187.63	130.71
91	Overseas Traders (19)	389.50	−0.6	12.98	6.91	9.44	391.85	392.61	396.14	389.50	375.11
99	ALL-SHARE INDEX (750)	240.38	+0.8	—	6.91	—	238.52	239.18	243.69	240.74	266.60

FIXED INTEREST PRICE INDICES

	British Government	Mon., Mar. 31	Day's change %	xd adj. today	xd adj. 1980 to date
1	Under 5 years	101.17	+0.32	—	2.30
2	5-15 years	103.86	+0.94	—	2.68
3	Over 15 years	107.58	+0.83	—	2.82
4	Irredeemables	120.10	+0.87	—	1.78
5	All stocks	103.94	+0.67	—	2.53

FIXED INTEREST YIELDS British Govt. Av. Gross Red.

			Mon., Mar. 31	Fri., Mar. 28	Year ago (approx.)
1	Low	5 years	13.10	13.21	8.93
2	Coupons	15 years	12.89	13.04	9.98
3		25 years	12.89	13.04	10.62
4	Medium	5 years	14.98	15.14	10.58
5	Coupons	15 years	14.54	14.66	11.32
6		25 years	14.33	14.46	11.64
7	High	5 years	15.03	15.19	10.98
8	Coupons	15 years	14.84	14.98	11.73
9		25 years	14.73	14.85	11.96
10	Irredeemables		12.39	12.58	10.44

		Mon., March 31 Index No.	Mon., March 31 Yield %	Fri. March 28	Thurs. March 27	Wed. March 26	Tues. March 25	Mon. March 24	Fri. March 21	Thurs. March 20	Year ago (approx)
15	20-yr. Red. Deb & Loans (15)	49.27	†14.99	49.26	49.34	49.74	49.70	49.69	49.67	49.67	58.93
16	Investment Trust Prefs. (15)	46.96	14.09	46.96	46.96	47.12	47.12	47.12	47.73	47.91	51.64
17	Coml. and Indl. Prefs. (20)	61.23	14.63	61.14	60.92	61.24	61.24	61.24	61.18	61.38	72.49

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A new list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 25p.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1980 high	1980 low
De Beers Defd.	R0.05	8	375	—	553	375
Shell Transport	25p	8	336	+ 4	410	314
NatWest Bank	£1	6	310	+ 4	373	305
Beecham	25p	5	118	+ 4	134	113
Carring'n Viyella	25p	5	12½	—	19	12½
Commercial Un.	25p	5	131	+ 4	149	126
Coral Leisure	10p	5	76	+ 1	80	60
Glynwed	25p	5	98	+ 1	103	81½
Minorco	$BD1.40	5	240	+10	385	230
Racal Electronics	25p	5	212	+ 2	241	175
Royal Insurance	25p	5	320	+10	356	307
Tricentrol	25p	5	274	—	334	250
Airfix Inds.	20p	4	12	− 1	24	12
P. & O. Defd.	£1	4	107½	+ 2½	121	105
Unilever	25p	4	407	+ 2	480	405

OPTIONS

DEALING DATES

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Mar. 31	Apr. 11	Jul. 10	Jul. 21
Apr. 21	May 2	Aug. 7	Aug. 18
May 6	May 17	Aug. 28	Sept. 8

For rate indications see end of Share Information Service

Money was given for the call in Courtaulds, Lonrho, House of Fraser, Reardon Smith and the A, Burmah, Silkolene Lubricants, Dunlop, Wolf Electric Tools, William Mallinson, BET, Burton, Town and City and Lake and Elliot. Puts were arranged in European Ferries and FNFC. No doubles were reported.

LONDON TRADED OPTIONS

Option	Ex'rcise price	April Closing offer	April Vol.	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Equity close
BP	330	—	—	54	—	62	6	349p
BP	350	15	9	—	—	—	—	"
BP	375	5	4	—	—	—	—	"
Cons. Gold	460	18	5	46	—	70	—	464p
Cons. Gold	550	2	—	18	10	30	—	"
Courtaulds	60	9½	—	11½	—	13	1	68p
Courtaulds	70	3	30	7	—	8½	—	"
GEC	330	41	—	59	—	71	1	367p
GEC	360	17	11	39	1	51	2	"
Grand Met.	120	6½	—	14½	—	18	1	123p
ICI	390	3	—	18	2	29	—	367p
Land Secs.	280	16	—	29	—	40	2	289p
Land Secs.	330	1½	29	8	—	—	—	"
Marks & Sp.	100	1½	—	4	—	7½	5	87p
Shell	360	6	2	22	—	32	—	335p
Totals			90		13		18	

Option	Ex'rcise price	May Closing offer	May Vol.	August Closing offer	August Vol.	November Closing offer	November Vol.	Equity close
Boots	180	8	4	15	—	21	—	176p
Imperial Gp.	80	4	—	7	16	8	—	78p
Totals			4		16		—	

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	82	—	8
Corpns., Dom. and Foreign Bonds	16	4	46
Industrials	246	245	905
Financial and Prop.	90	97	311
Oils	7	7	19
Plantations	—	12	15
Mines	40	52	62
Others	87	12	27
Totals	581	429	1,394

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price p	+ or −
50	F.P.	—	[illegible]	[illegible]	Berkeley Exploration	108	[illegible]
£1	F.P.	[illegible]	[illegible]	[illegible]	Child Health Res'ch	[illegible]	[illegible]
10	F.P.	[illegible]	[illegible]	[illegible]	Keep Inv. Trust 5p	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Leigh Interests	[illegible]	[illegible]
90	F.P.	[illegible]	[illegible]	[illegible]	Morley (R.H.J.) 10p	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Peko Plant 10p	[illegible]	[illegible]
§10	F.P.	[illegible]	[illegible]	[illegible]	Trst. of Prop. Shrs. 5p	[illegible]	[illegible]
§44	F.P.	[illegible]	[illegible]	[illegible]	Webber Elect. Com 12½p	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price £	+ or −
100p	F.P.	—	[illegible]	[illegible]	Edwards (L.C.) 8% Conv. Red. Cum. Pref.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Globe Inv. Tst. 11¼% Conv. Uns. Ln. '90-95	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Kelvin Imp. Cont. Gas 8% Conv. Loan 1985-2000	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Leigh Interests 10pc Conv. Uns. Ln. 1984-85	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Mid Kent Water 9% Red Pref. 1985	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Roth & Uxbridge Wtr. 9% Red. Pref. 1985	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Sutton District Water 10pc Red Pref. 1985	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price p	+ or −
135	F.P.	[illegible]	[illegible]	[illegible]	AGB Research	163	[illegible]
330	F.P.	[illegible]	[illegible]	[illegible]	Clutt Oil	[illegible]	[illegible]
R15	Nil	[illegible]	[illegible]	[illegible]	General Mining New	[illegible]	[illegible]
60	F.P.	[illegible]	[illegible]	[illegible]	Hammerson Prop. A	[illegible]	[illegible]
60cts	Nil	[illegible]	[illegible]	[illegible]	Pancontinental	[illegible]	[illegible]
66	Nil	[illegible]	[illegible]	[illegible]	United Biscuits	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security. ‡‡ Issued as units comprising 2 participating pref. shares and 1 ord. share at R3.50 per unit. † Dealings under special rule.

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Lloyds Bk. (C.I.) U/T Mgrs.
Lloyds International Geneva
M & G Group
Midland Bank Tst. Corp. (Jersey) Ltd.
Samuel Montagu Ldn. Agents
Murray, Johnstone (Inv. Adviser)
Negit S.A.
Negit Ltd.
Pacific Basin Fund
Phoenix International
Providence Capital Life Ass. (C.I.)
Quest Fund Mngmnt. (Jersey) Ltd.
Richmond Life Ass. Ltd.
Rothschild Asset Management (C.I.)

Rothschild Asset Mgt. (Bermuda)
P.O. Box 664, Bk. of Bermuda Bld., Bermuda
Reserve Assets Fd. [US$9.51] 9.72
Prices on March 24. Next dealing April 12.

Royal Trust (C.I.) Fd. Mgt. Ltd.
P.O. Box 194, Royal Tst. Hse., Jersey. 0534 27441

Save & Prosper International
Schlesinger International Mngt. Ltd.
Schroder Life Group
J. Henry Schroder Wagg & Co. Ltd.
Sentry Assurance International Ltd.
Singer & Friedlander Ldn. Agents
Standard Chartered Intl. Bd. Fd.
Stronghold Management Limited
Surinvest (Jersey) Ltd.
Surinvest Trust Managers Ltd.
TSB Unit Trust Managers (C.I.) Ltd.

TSB Gilt Fund Managers (C.I.) Ltd.
Tokyo Pacific Holdings N.V.
Tokyo Pacific Hldgs. (Seaboard) N.V.
Tyndall Group
Unilife Assurance (Overseas) Ltd.
Union-Investment-Gesellschaft mbH
Utd. Intnl. Mngmnt. (C.I.) Ltd.
Van Cutsem & Associates Ltd.
S. G. Warburg & Co. Ltd.
Warburg Invest. Mngt. Jrsy. Ltd.
Wardley Investment Services Ltd.
World Wide Growth Management
Wren Commodity Trust

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Amer. Gth. Tst.	47.2	50.7	+2.4	1.97
Abbey Capital	34.7	37.5	+0.1	[illegible]
Abbey General	45.0	48.1	+0.3	[illegible]
Abbey Gilt & F.I. Tst.	[illegible]	105.1	+0.2	[illegible]
Abbey Income	40.3	43.6	+0.5	9.00
Abbey Intl. Bd. Tst.	93.7	99.2	+1.8	[illegible]
Abbey Inv. Tst. Fnd.	35.7	38.2	-0.1	[illegible]
Equitas Prog. Trust	66.5	71.9	+0.5	6.22

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314

A.H. R Gilt & Pref.	89.5	94.3	.....	13.58

Allied Hambro Group (a) (g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds

Allied 1st	[illegible]	76.9	+0.2	6.26
Brit. Inds. Fund	[illegible]	78.9	+0.1	6.35
Growth & Income	[illegible]	42.8	+0.1	[illegible]
Elect. & Ind. Dev.	[illegible]	[illegible]	.....	[illegible]
Allied Capital	72.2	77.3	+0.4	[illegible]
Hambro Fund	112.7	120.8	+0.2	[illegible]
Hambro Acc. Fund	137.7	147.3	+0.6	5.70

Income Funds

High Yield Fd.	64.8	69.3	-0.2	10.68
High Income	[illegible]	71.0	.....	[illegible]
A. H. Eq. Inc.	39.3	42.1	.....	8.29

International Funds

International	26.1	27.9	+0.1	[illegible]
Pacific Fund	[illegible]	45.8	+0.1	[illegible]
Secs. Of America	54.6	58.4	+1.9	2.40

Discretionary Unit Fund Managers
22 Blomfield St., EC2M 7AL. 01-638 4485

Disc. Inc. Mar. 21	203.9	217.5	.....	5.65

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	17.4	19.3	.....	7.18
Gt. Winchester O'seas	20.3	22.6	.....	5.45

Emson & Dudley Tst. Mngmnt. Ltd.
20 Albemarle St., W1. 01-493 3211

Emson Dudley Tst.	77.4	83.2	.....	6.00

Equity & Law Un. Tr. M. (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	69.6	73.2	+0.8	5.72

Fidelity International Management Ltd.
62-69, Queen St., London, EC4R 1AD. 01-248 4891

American	22.5	23.7	+1.4	1.00
Fixed Interest	[illegible]	[illegible]	+0.1	13.00
Growth & Income	[illegible]	[illegible]	.....	[illegible]
Special Sits.	26.7	28.2	-0.2	3.50

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l	24.7	26.4	.....	2.77
Accum. Units	30.0	[illegible]	.....	2.77
J. Finlay High Income	[illegible]	[illegible]	.....	[illegible]
J. Finlay Euro.Fin.	19.4	[illegible]	.....	4.11
Accum. Units	[illegible]	[illegible]	.....	4.11
J. Finlay Fd.In.Tst.	[illegible]	[illegible]	.....	5.76
Accum. Units	[illegible]	[illegible]	.....	5.76

Prices on March 26. Next dealing April 2.

Framlington Unit Mgt. Ltd. (a)
64, London Wall, EC2M 5ND. 01-628 5181

American March 24	46.4	49.6	-1.6	1.45
Am. Tempted Mar. 24	45.4	48.2	-3.4	2.00
Capital Tst.	50.2	53.2	.....	5.10
(Accum. Units)	51.0	54.2	+0.2	5.10
Extra Income Trust	[illegible]	48.4	.....	10.65
Income Tst.	[illegible]	37.8	+0.2	[illegible]
Int. Growth Fd.	40.2	42.6	+0.4	2.36
(Accum. Units)	42.4	45.0	+0.4	2.36

Friends' Provdt. Unit Tr. Mgrs.
Pixham End, Dorking. 0306 5055

Friends Prov. Units	46.6	49.8	+0.3	5.12

INSURANCE PROPERTY BONDS

OFFSHORE & OVERSEAS FUNDS

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

1980 High	Low	Stock	Price £	+ or -	Int.	Red. Yield
98½	96½	FFI 13pc 1981	98¾	......	13.43	17.14
96¾	93½	Do. 14pc '83	94½	......	14.82	15.97
89½	79½	ICFC 5½pc Deb. '80-82	[illegible]	+½	6.70	15.55
74½	71½	Do. 6¾pc Deb. '81-84	73	......	8.65	15.59
86½	80½	Do. 10¾pc Uns.Ln. '86	84	......	12.55	16.40
85	77	Do. 11½pc Uns.Ln. '88	85	+1	13.78	14.93
88	82	Do. 11¾pc Uns.Ln. '90	85	+½	14.29	15.40
61	56	Do. 7¾pc A Deb. '89-92	59	......	13.33	15.20
61	51½	Do. 7¾pc A Db. '91-94	54½xd	......	13.20	15.05
72	64½	Do. 9pc 'A' '91-94	64½xd	......	13.95	15.10
65½	61	Do. 8¾pc Ln. '92-97	62¾	......	14.31	15.00
95	84½	Do. 12pc Uns. Ln. 1992	85½xd	......	14.79	15.35

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

1980 High	Low	Stock	Price	+ or -	Div. Net	Cvr	Y'ld Gr's	P/E
50	42	Clive Dis'nt 20p	46	-1	5.53	—	16.9	—
153	127	Com'l Aus. (SA1)	140xd	......	†018c	3.0	6.6	5.0
955	727	Com'bk. DM 10S	735	-5	Q15%	—	10.1	—
£30	£00	Chris.Hbk.Kr100	£00	......	Q13%	—	16.9	—
29	25	Corinthian 10p	29	......	†1.05	5.9	5.2	3.3
£19¼	£16½	Cred. France F75	£16½	-⅛	Q12.5%	—	6.5	—
13	9	Dawes (G. R.)	12	......	—	—	—	—
£67	£54	Deutsche Bank DM50	£54	-1	Q11.2%	—	6.8	—
68	52	F. C. Finance	52	-3	2.2	ϕ	6.2	ϕ
17	9¾	First Nat. 10p	15¾	+¼	—	—	—	0.9
3	1½	Do. Wrrts. 75-83	2	......	—	—	—	—
240	192	Gerrard Natnl.	202	......	†9.12	—	6.4	—
84	68	Gibbs (A.)	82#	......	2.2	—	3.8	—

BANKS & HP—Continued

Hire Purchase, etc.

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INDUSTRIALS—Continued

1980 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

INSURANCE

1980 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

INSURANCE—Continued

1980 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LEISURE

1980 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

1980 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Commercial Vehicles

1980 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Components

1980 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Garages and Distributors

1980 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

NEWSPAPERS, PUBLISHERS

1980 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

PAPER, PRINTING ADVERTISING

1980 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

PROPERTY

1980 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

PROPERTY—Continued

1980 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SHIPPING

1980 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SHOES AND LEATHER

1980 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SOUTH AFRICANS

1980 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TEXTILES

1980 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TOBACCOS

1980 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

1980 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

INVESTMENT TRUSTS—Cont.

1980 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Finance, Land, etc.

1980 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FINANCE, LAND—Continued

1980 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OIL & GAS

1980 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OVERSEAS TRADERS

1980 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

RUBBERS AND SISALS

1980 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TEAS

India and Bangladesh

1980 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Sri Lanka

1980 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
400	305	Lunuva £1	350	[illegible]	17.0	1.8	6.9

Africa

1980 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
[illegible]	[illegible]	Blantyre	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Ruo Estates	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

MINES

CENTRAL RAND

1980 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

EASTERN RAND

1980 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FAR WEST RAND

1980 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

O.F.S.

1980 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FINANCE

1980 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
720	485	Anglo Amer. 10c	500	+15	†046c	2.0	5.3
£44⅓	£30⅓	Ang. Am. Gold R1	£30½xd	+⅓	Q525c	ϕ	9.9
£19½	£13½	Ang-Vaal 50c	£17	–1	†Q150c	3.6	5.0
194	134	Charter Cons. 2p	144	+1	st8.0	2.4	7.9
533	335	Cons. Gold Fields	464	+6	†13.51	2.2	4.2
35	21	East Rand Con. 10p	23	–1	1.05	1.0	6.5
*842	562	Gen. Mining 40c	567xr	......	bQ89c	2.8	8.5
£43	£27⅓	Gold Fields S.A. 25c	£31½	......	†Q225c	1.8	4.2
£35¼	£25¾	Jo'burg Cons. R2	£24½	......	†Q255c	2.9	6.0
500	360	Middle Wit 25c	390	+15	†Q35c	2.1	5.1
335	230	Minorco $BD1.40	240	+10	KQ19c	1.5	3.6
262	190	New Wit 50c	207	+11	†Q24c	1.3	6.6
£12½	890	Patino NV Fls.5	895	–105	QC50c	ϕ	2.1
123	88	Rand London 15c	98	+2	Q11c	ϕ	6.4
77	68	Rand London Coal	77	+2	bQ14c	2.8	9.9
800	586	Selection Trust	642	+7	20.84	1.5	4.6
348	269	Sentrust 10c	276	......	†Q38c	1.2	7.9
145	71	Silvermines 2½p	132	+4	†1.5	0.2	1.6
316	216	Tanks Con. 50p	216	–1	Q10.0	1.3	4.6
90	85	Do. Pref. 80p	86	–1	Q9%	17.7	8.4
£22½	£16¼	T'vaal Cons.Ld.R1	£16¼	–¼	Q135c	3.5	4.8
615	360	U.C. Invest R1	458	......	Q60c	1.4	7.6
735	545	Union Corpn. 6.25c	570xd	......	†Q62c	2.1	6.2
145	97	Vogels 2½c	120	......	Q16c	1.5	7.6

DIAMOND AND PLATINUM

1980 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
£55	£41½	Anglo-Am.Inv.50c	£41½xd	......	Q860c	ϕ	11.8
553	375	De Beers Df. 5c	375xd	......	Q72½c	ϕ	11.1
900	725	Do. 40pc Pf. R5	800	......	Q200c	ϕ	14.3
358	240	Impala Plat. 20c	253	+13	mQ34c	3.6	7.7
186	117	Lydenburg 12½c	122	+5	†tQ16c	1.8	7.9
326	284	Rus. Plat. 10c	293	+9	†Q20c	3.1	6.2

MINES—Continued

CENTRAL AFRICAN

1980 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
430	275	Coronation	280xd	......	†Q54c	2.2	11.0
680	520	Falcon Rh.50c	600xd	......	†Q100c	1.7	11.5
47	34	Rhod'n Corp. 16⅔p	37	–1	0.56	8.5	2.2
267	160	Roan Cons. K4	180	+10	†Q0.12	ϕ	4.2
65	54	Wankie Col. Rh.1	57	......	†Q9c	1.5	11.3
54	28	Zam.Cpr.$BD0.24	29	+1	—	—	—

AUSTRALIAN

1980 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
25	22	Acmex 50c	23	......	—	—	—
24	12	ACM 20c	14	......	—	—	—
115	75	Bond Corp.	75	......	Q3.75	2.2	2.6
234	132	Bougainville 50 Toea	160	+4	sQ39½c	ϕ	13.2
265	195	BH South 50c	200	......	←	—	—
25	11½	Canada Northwest	14	–½	—	—	—
42	8	Carr Boyd 20c	21	......	—	—	—
£26	£15¼	Central Pacific	£19	+3¼	—	—	—
356	230	Conzinc Riotinto 50c	236	+6	Q15c	ϕ	3.3
39	17	Cultus Pacific N.L.	25	+1	—	—	—
50	20	Eagle Corp. 10c	20	......	—	—	—
26¼	15¼	Endeavour 20c	18	......	—	—	—
258	175	G. M. Kalgoorlie 25c	175	+1	†Q3c	—	0.9
372	260	Hamptn Areas 5p	345	......	3.5	2.8	1.4
45	30	Haoma Gold N.L.	35	–3	—	—	—
72	41	Metals Ex. 50c	55	–1	—	—	—
312	194	M.I.M. Hldgs. 50c	200	+6	tQ16.1c	1.8	4.1
38	18½	Minefields Expl.	38	......	—	—	—
155	60	Mount Lyell 25c	80	......	—	—	—
28	15	Newmetal 20c	18	......	—	—	—
207	138	North B. Hill 50c	140	+2	†Q12c	1.4	4.5
80	44½	Nth. Kalgurli	51	......	—	—	—
165	90	Nth. Mining Corp.	168	+4	—	—	—
43	24	N. West Mining N.L.	33	......	—	—	—
235	163	Oakbridge $A1	165	......	Q12c	4.7	3.8
122	76	Otter N. L.	76	–4	—	—	—
230	128	Pacific Copper	184	–2	—	—	—
465	275	Pancont'l 25c	295	......	—	—	—
78	46	Paringa M&Ex.5p	46	–1	—	—	—
495	345	Peko-Wallsend 50c	345	–20	tQ17.5c	ϕ	2.6
230	140	Seltrust A	150	......	—	—	—
£10¼	575	Southern Pacific	725	+113	—	—	—
75	31	Swan Resources 20c	47	......	—	—	—
13	12	West Coast 25c	12	......	—	—	—
264	177	Westn. Mining 50c	190	......	†Q7c	1.6	2.0
30	10	Wesmex	15	......	—	—	—
94	56	Whim Creek 20c	88	+6	—	—	—
24	10½	York Resources	15	+1	—	—	—

TINS

1980 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
34	26	Amal. Nigeria	31	......	t6.0	1.9	27.6
345	275	Ayer Hitam $M1	275	......	‡Q290c	0.9	‡
67	48	Beralt Tin	49	–1	4.5	ϕ	13.1
185	149½	Berjuntai $M1	165	......	‡Q95c	1.0	‡
230	153	Geevor	210	......	8.71	3.1	5.9
11	10	Gold & Base 12½p	10	......	—	—	—
365	310	Gopeng Cons.	335	......	25.0	1.8	10.7
310	280	Hongkong	300	......	35.87	ϕ	17.1
105	90	Idris 10p	98	......	28.0	ϕ	11.7
15	14	Jantar 12½p	15	......	—	—	—
77	64	Kamunting $M0.50	70	+2	Q47½c	1.1	15.2
320	300	Killinghall $M1	320	......	Q100c	ϕ	6.5
670	485	Malay Dredging $M1	650	......	mQ105c	2.6	3.4
33	26	Pahang	29	+1	0.44	8.3	2.2
108	92	Pengkalen 10p	92	......	6.0	1.3	9.3
290	220	Petaling $M1	265	......	Q150c	1.4	11.5
70	57	Saint Piran	68	–3	‡2.5	6.4	‡
44	32	South Crofty 10p	33	–1	‡3.0	2.0	‡
255	190	South Kinta $M0.50	230	......	Q150c	1.8	14.5
400	340	Sthn Malayan $M1	388	+5	†Q175c	2.3	10.0
295	215	Sungei Besi $M1	250	......	†Q520c	1.0	42.4
48	28	Supreme Corp. $M1	48	......	ZQ10c	—	4.2
100	95	Tanjong 15p	95	......	24.5	ϕ	6.8
95	80	Tongkah H. Tin	89	......	Q45c	1.3	12.6
275	220	Tronoh $M1	220	–5	†Q25c	5.2	2.3

COPPER

1980 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
235	130	Messina R0.50	176	......	Q10c	ϕ	3.2

MISCELLANEOUS

1980 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
160	78½	Anglo-Dominion	135	+15	—	—	—
97	58	Barymin	70	–2	—	—	—
14½	12	Burma Mines 17½p	13½	......	—	—	—
502	330	Cons. Murch. 10c	450	+20	MQ100c	1.8	14.3
585	325	Northgate C$1	350	+25	—	—	—
485	327	R.T.Z.	348	+6	†11.5	3.4	4.7
33	16	Robert Mines	26	+3	—	—	—
58	27	Sabina Inds. C$1	27	–3	—	—	—
650	485	Tara Exptn. $1	510	+10	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- * "Tap Stock."
- • Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ◆ Figures or report awaited.
- †† Unlisted security.
- ¤ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ◆ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♣ Regional price.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or –	IRISH	Price	+ or –
Albany Inv. 20p	23	......			
Bertam	38	......	Conv. 9% '80/82	£86	......
Bdg'wtr. Est. 50p	355	......	Nat. 9¾% 84/89	£78½	......
Clover Croft	60	......	Fin. 13% 97/02	£77⅝	......
Craig & Rose £1	510xd	......	Alliance Gas	59	......
Fife Forge	[illegible]	......	Arnott	300	......
Finlay Pkg. 5p	21	......	Carroll (P.J.)	50	–1
Graig Ship. £1	280	......	Clondalkin	100	......
Higsons Brew	75	......	Concrete Prods.	80	......
Holt (Jos) 25p	255	......	Helton (Hldgs.)	36	......
I.O.M. Stm. £1	165	......	Ins. Corp.	250	......
Pearce (C. H.)	335	......	Irish Ropes	80	......
Peel Mills	37	......	Jacob	37	......
Sheff. Refrshmt	97½	......	T.M.G.	140	......
Sindall (Wm.)	165	......	Unidare	100	......

OPTIONS

3-month Call Rates

Industrials					
A. Brew	8	"Imps"	7	Vickers	14
BOC Intl.	6	I.C.L.	45	Woolworths	6½
B.S.R.	5	Invresk	5	**Property**	
Babcock	12	Ladbroke	15	Brit. Land	7
Barclays Bank	30	Legal & Gen.	14	Cap. Counties	9
Beecham	15	Lex Service	10	Land Secs.	25
Blue Circle	25	Lloyds Bank	24	MEPC	17
Boots	17	"Lots"	3½	Peachey	13
Bowaters	16	London Brick	6	Samuel Props.	12
B.A.T.	25	Lucas Inds.	20	Town & City	2
Brown (J.)	7	"Mams"	14	**Oils**	
Burton 'A'	22	Mrks. & Spncr	9	Brit. Petroleum	38
Cadburys	5½	Midland Bank	30	Burmah Oil	20
Courtaulds	3	N.E.I.	5	Charterhall	12
Debenhams	8	Nat. West. Bank	32	KCA	11
Distillers	21	P & O Dfd.	9	Premier	12
Dunlop	5½	Plessey	15	Shell	35
Eagle Star	14	Racal Elect.	20	Tricentrol	35
F.N.F.C.	2½	R.H.M.	4½	Ultramar	50
Gen. Accident	21	Rank Org.	38	**Mines**	
Gen. Electric	30	Reed Intnl.	17	Charter Cons.	18
Glaxo	40	Sears	5½	Cons. Gold	52
Grand Met.	12	Tesco	7	Lonrho	12
G.U.S. 'A'	20	Thorn	25	Rio T. Zinc	35
Guardian	22	Trust Houses	14		
G.K.N.	22	Tube Invest.	27		
Hawker Sidd	15	Unilever	40		
House of Fraser	12	U.D.T.	4		
I.C.I.	32	Utd. Drapery	9		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 34

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £500 per annum for each security

FINANCIAL TIMES

Tuesday April 1 1980

Profits up to £19.7m for Ocean Transport

By William Hall, Shipping Correspondent

OCEAN TRANSPORT and Trading, the Liverpool-based shipping group, nearly doubled its profits in 1979. Pre-tax profits recovered from £10.1m to £19.7m but are still well below the peak of £41.2m earned in 1976.

Ocean Transport is the first major UK shipping company to report its 1979 figures. Its results underline the sharp improvement in the world's shipping markets in the second half of last year.

Sir Lindsay Alexander, its chairman, said the results were materially better than the group had foreseen at the time of the half-year results, when the group had warned it might have to cut its dividend if the shipping market did not improve.

The open freight market improved markedly in the second half and Ocean's fleet of product carriers operated very profitably. In addition, Ocean Cory, the UK transport and distribution operation, had a good second half.

The group's trading profits rose from £10.0m to £14.8m. In addition, the group made profits of £3.6m on ship sales as opposed to losses of £4.9m the previous year. This improvement was to some extent offset by a £4.7m increase in interest charges.

Ocean's share of associated companies' profits, a large part of which reflects its earnings from its stake in Overseas Containers, rose slightly to £18m. At the attributable level, Ocean made profits of £15.5m compared with a loss of £2.4m the year before. The company has maintained its gross dividend and is paying a final dividend of 4.6p.

Ocean's liner trades, of which the most important are its West African operations, had a difficult year. In the first half they were seriously affected by the introduction of a pre-shipment inspection programme in Nigeria. As a result trade was at a standstill. Since then the Nigerian trade has recovered and imports are now running at about 75 per cent of 1978 levels.

Ocean has also made some progress in its other problem area—the PacIndonesian liquefied natural gas import scheme. Its ship, the Nestor, has been laid-up for many months because of delays in the project which is not now expected to come on stream until the end of 1983.

However, Ocean has renegotiated its 20-year charter party with PacIndonesia and has secured higher charter rates which it believes will provide adequate compensation over the project's life for the delays experienced. Under the original scheme the ship was supposed to have started carrying liquefied natural gas in 1979. For the first time Ocean is starting to provide for the depreciation of the vessel.

Company results, Page 24

Top public servants may get extra 20%

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

A SALARIES review body is expected to recommend pay rises of 20 per cent or more for 2,500 top public servants who today are receiving increases ranging up to about 25 per cent. The proposed additional rises could create a major problem for the Government.

The two increases would take the annual salary of the chairman of the British Steel Corporation up from £41,695 to about £58,000, unless the job is restructured when a successor to Sir Charles Villiers is appointed.

The extra increases will be proposed in a report to the Prime Minister from the Boyle Review Body on top salaries. It will say that the new pay levels being implemented today as part of a three-stage increase started in 1978 need to be raised further to take account of developments elsewhere in the past year.

Today the salary of Sir William Barlow, the chairman of the Post Office, and of Sir Charles Villiers, both go from £41,695 to £48,500. The chairmen of the next grade of industries such as British Rail, British Gas and the National Coal Board go up from £36,945 to £44,000

Report

There are also substantial increases for the top ranks in the armed forces, judiciary and civil srevice.

The Boyle Review body is now preparing its report on updating the increases and is taking all aspects of remuneration, including perks and pensions, into account when comparing the public service salaries with those in the private sector.

Its report will also recommend some regrading of salary levels, and the ranking of some nationalised industries may be changed. For example the National Enterprise Board has rated the same salaries as British Steel but its role has recently been reduced and it has only a part-time chairman—Sir Arthur Knight.

Meanwhile pressure is building up from senior executives below board level for salary increases, and some industries are having problems maintaining sufficiently large differentials between senior grades.

Controversy over top salaries, Page 6

Civil Service unions near agreement on pay; Page 8

Probe into silver crisis

BY DAVID LASCELLES IN NEW YORK

AN OFFICIAL investigation into last week's crisis in the silver markets has been opened by the Commodity Futures Trading Commission in Washington.

This emerged yesterday at a special Congressional hearing into the crisis, as silver prices staged a slight recovery on the New York market.

Bache, the commodity broker, also admitted yesterday that its subsidiaries made a potential $50m loss in the events of last week. Previously it had denied any losses at all.

Mr. James Stone, chairman of the commission, indicated to the House's commerce, consumer and monetary affairs sub-committee that the investigation could lead to disciplinary action, or the baaring of some traders from the market.

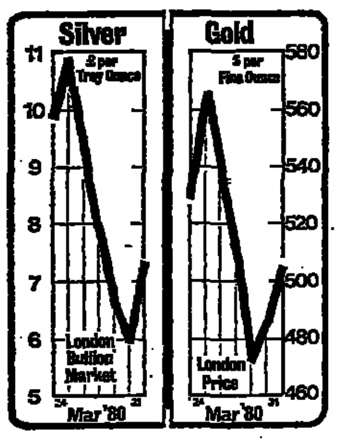
This was the first indication at high level that there might have been some wrongdoing during the crisis, which sent silver and share prices tumbling. The crisis occurred when members of the wealthy Hunt oil family were temporarily unable to cover their positions in the fast-declining silver market.

Mr. Harold Williams, chairman of the Securities and Exchange Commission, who also testified yesterday, said the commission was taking a close look at the financial standing of brokerage houses involved in the crisis, notably the Bache group, which is partially owned by the Hunt family and which handled most of its commodity trading.

Mr. Williams said a total of seven brokers had "some degree of exposure" after the silver collapse. Some have reported losses. Only Paine Webber and A. G. Edwards have been publicly indentified.

Changes might be required to safeguard brokers in future crises, said Mr. Williams.

The House hearings were called amid growing concern in



Washington about the security of the commodity markets, and the need for greater regulation.

Most people in Wall Street do not share this view. The feeling yesterday was that the market had successfully pulled through a challenging moment, and that no further regulation was needed. There are fears that the Commodities Futures Trading Commission, which is struggling to establish its authority over the commodity markets, might use the crisis as a pretext to extend its powers.

The markets were in a buoyant mood yesterday. In early trading, silver moved above $13 an ounce, an increase of more than $1 on Friday's close.

John Edwards writes: London silver prices rose yesterday as the market regained confidence. Once it became evident that there would not be the kind of selling pressure that caused the market to collapse last week, some bargain hunting purchases emerged from speculators who consider silver to be "cheap" after its dramatic fall.

The London bullion market spot quotation was set at 622.4p a troy ounce at the morning fixing. This was 22.3p lower than the last fixing on Friday morning, but represented a recovery from the closing prices on Friday afternoon.

By yesterday's close of the London Metal Exchange silver market, cash silver had climbed to 675p a troy ounce, 103p higher than the close on Friday, encouraged by the firmer trend in New York.

In spite of the recovery, the silver market remains very nervous and unsettled.

Meanwhile, Bache, in which the Hunt family has a shareholding, said there appeared to be about $40m potential losses on Hunt family accounts in "non-broker dealer subsidiaries." These are Bache Halsey Stuart Metal and Bache Halsey Stuart (London). The figures have still to be verified.

Another subsidiary, Bache Halsey Stuart Shields, faces a potential loss of $10m, according to the statement.

Bache said it had withdrawn its request for the suspension of trading in its stock on the New York Stock Exchange to be lifted.

Bache said the potential loss was partially secured by 500,000 shares of the group. It claimed it was conducting business normally and remained in complete compliance with the rules of all regulatory agencies.

It was pointed out in London that the potential loss was unsecured deficits that would normally be met by customers, who had always met their obligations. It was noted that during the price collapse outstanding commitments in the U.S. silver futures markets could not be liquidated because of limits on the daily price movements.

It was, however, possible to offset losses in the U.S. markets by dealings in the London silver markets, which had no restrictions on daily price fluctuations.

British Gas buys Rough field for storage

By Ray Dafter, Energy Editor

BRITISH GAS Corporation has bought its partners' interests in the Rough gas field in the North Sea. It plans to spend several hundred million pounds on converting the field into a natural storage tank.

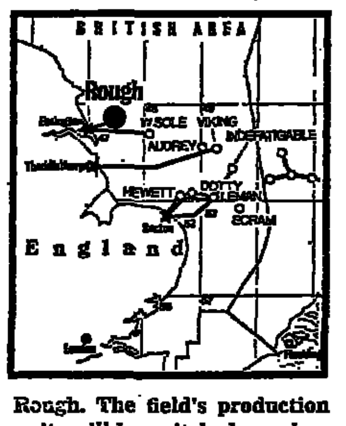
The novel idea will enable the Corporation to inject natural gas into the partly-depleted field when demand is slack. In the winter, gas will be pumped from Rough at a much higher rate than at present.

The purchase deal, announced yesterday, is thought to involve between £45m and £55m. The Corporation, which already had a 30.8 per cent stake in the southerly field, bought the remaining share from Amoco (30.8 per cent), Amerada Hess (23.1 per cent) and Texas Eastern (15.3 per cent).

The agreement forms part of a £4bn Corporation spending programme over the next five years. It should enable British Gas to match production more easily to big seasonal swings in demand.

Under a number of new supply contracts, the Corporation has undertaken to buy natural gas at a fixed rate, irrespective of changes in demand.

Once the conversion work has been completed surplus supplies will be pumped into



Rough. The field's production units will be switched on when demand increases significantly.

The conversion project will entail the installation of new wells, compressors and pipe-lines—facilities needed not only to handle injected natural gas, but also to produce the stored gas much faster.

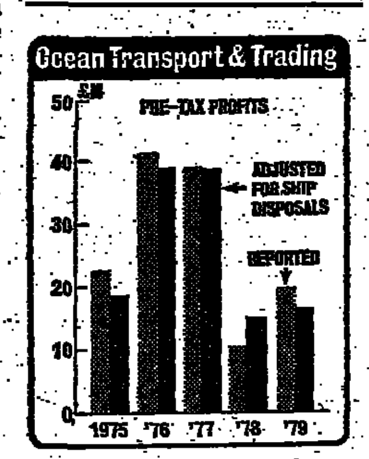
Production of Rough, in blocks 47/3 and 47/8, began in summer 1976. It is estimated that about 100bn cubic feet have been produced from the field's 300bn cubic feet of recoverable reserves. According to North Sea analysts, natural production levels, which have been at a peak since 1977, are due to decline from 1982.

British Gas has emphasised its investment programme in a bid to dampen criticism of its large profits. During the 1980-1981 financial year the Corporation is expected to make a pre-tax profit of at least £600m, according to Mr. David Howell, Energy Secretary. This is expected to climb to more than £1bn annually in the next few years.

THE LEX COLUMN

Calmer waters for Ocean

Index rose 5.5 to 427.0



Ocean Transport is evidently pleased with its own figures. After warning of a possible dividend cut at the interim stage, it has maintained the 1979 gross payout at 12.7p — which costs £4m, including unrecoverable ACT — and the tone of its statement is quietly confident.

All the same, the reported rise in pre-tax profits from £10.1m to £19.7m overstates Ocean's progress, since there has been an £8.4m favourable swing on ship disposal profits. Against this, however, Ocean has felt able to provide £2½m depreciation for the first time against its laid-up gas carrier "Nestor." Adding this back to the second-half figure, trading profits before interest charges and associates have doubled between the first and second halves, while the contribution from OCL has held up well despite mounting problems on the Australian run.

Ocean's West African trades have recovered smartly after the Nigerian import problems of the first half, and the group has benefited from the firmer conditions in bulk shipping by fixing up some long charters. Ocean Cory's UK businesses have also shown a steady improvement. And although borrowings have risen by a further £30m in 1979, taking net debt to £202m, nearly three-quarters of shareholders' funds, Ocean is looking for a significant fall over the next four years as its spending on new ships slows.

This year, though the interest charge (£16.7m in 1979) will again be high, while OCL's contribution is likely to fall and Ocean's liner trades are still struggling. But profits before ship sales and tax should be comfortably over £20m, and the yield of 12.2 per cent at 109p now looks safe.

Glynwed

Glynwed's 1979 profits are up from £16.1m to £18.7m pre-tax, and the main explanations are a strong performance in copper tubing—which has recovered well from a damaging strike in 1978—and a marked improvement in the South African subsidiary. In addition, the steel re-rolling business has done surprisingly well, and a series of closures has brought the foundries side back into profits.

Overall profits would have been well over £1m higher but for national labour disputes, and the current year has got off to a reasonably steady start despite the steel strike. So it is worth asking whether the shares are too cautiously rated at 98p, where the yield on the unchanged dividend is 14¼ per cent.

One reason for this rating is the shape of the balance sheet. Largely as a result of acquisitions, debt rose by about £11m last year, to the equivalent of around three-fifths of shareholders' funds. Another explanation is that pre-tax profits on a current cost basis would fall to roughly half the reported figure: the after tax cost of the dividend is £6m. A final point is that Glynwed's profits are just about always struck before extra-ordinary debits—this year's charge is £1.5m after tax—which must have some bearing on the quality of its assets.

SSAP 16

Congratulations are due to the Inflation Accounting Steering Group for piloting through its current cost standard SSAP 16. Although basically the same as ED 24, the standard does feature a number of changes which are of importance in special cases. For instance, the Accounting Standards Committee is attempting to impose more consistency of practice on the nationalised industries, and is saying that although there need be no gearing adjustment the interest charge must go below the line. The principle here is that high interest rates and the erosion of the real value of borrowings are two sides of the same coin.

Rather less welcome is the extra flexibility in presentation allowed to normal companies, so that the gearing adjustment can be credited either above or below the tax line. It is going to make life confusing in the stock market where much attention is paid to the pre-tax profits line. To take the standard's appended example, Y Ltd can have a pre-tax profit of £1.19m on one presentation and £1.36m on another. Either the Stock Exchange will have to step in here to insist on uniformity, or the City will have to stop looking at pre-tax current cost figures.

Perhaps the most intriguing provision is that companies may leapfrog the stage of supplementary current cost statements and opt for current cost main accounts (giving only bare historical cost data somewhere in the notes). Could this be something for the clearing banks to chew over?

It is likely to be at least three years before there are any changes to the standard. In the meantime the gearing adjustment will be closely monitored and an exposure draft on the adjustment of past figures to a comparable price basis is to appear in about a year's time. Other areas for study include the accounts of insurance companies (at present exempt) and merchant banks.

Freemans

A poor first half has been succeeded by a worse second six months at Freemans (London, SW9). Earlier delays in producing the spring/summer catalogue hit sales and lost the company some good agents, while the sluggish level of demand after the rise in VAT—not helped by ambiguous fashion trends—proved more deadly, and trading profits fell 15½ per cent in the second half. For the full year, to mid January, pre-tax profits are down 7.3 per cent at £15.5m.

In the current year, the group is still facing poor fashion demand, while interest charges are likely to rise by at least £500,000. The group took on extra borrowing of £4¼m last year, as working capital moved up by 18.6 per cent to £70m. With capital spending on the Peterborough warehouse likely to be about £4m this year, further cash outflow is inevitable, although profits at the pre-tax level should come back to top the 1978 level at about £17m.

The market had been forewarned by last month's gloomy announcement. Helped by a 3 per cent rise in the total dividend, the share price increase by 4p yesterday to 124p, for a yield of 4.1 per cent and a p/e of 11.4, fully-taxed.

U.S. supersonic research plan

BY DAVID BUCHAN IN WASHINGTON

A SECOND generation supersonic airliner, with quieter and more efficient engines than the Anglo-French Concorde, could capture up to a third of the world's long-range air travel market, according to a U.S. Congressional study.

The report was carried out by the Office of Technology Assessment for the House of Representatives' science committee. Mr. Tom Harkin, the committee's chairman, intends to propose a $500m (£230m) Government programme over five years into supersonic research.

The new study estimates that a second generation aircraft would cost $6-10bn to put into production. With a longer range and the capacity to carry up to 300 passengers—compared to about 100 in Concorde—such an aircraft could operate on the long routes over the Pacific.

The problem of sonic boom, created when an aircraft accelerates through the sound barrier, has still to be resolved. Aircraft are not allowed to fly supersonically across the U.S.

Continued from Page 1

Dollar up

Its trade weighted index was unchanged at 72.6.

The dollar rose to DM 1.9510, its highest against the D-Mark since September 1978, compared with Friday's DM 1.9290. Against the Swiss franc it finished at SwFr 1.8510, its best level since June 1978, against the pre-weekend level of SwFr 1.8250.

Weather

UK TODAY

CLOUDY. Sunny intervals in places.

London, Southern England, E. Anglia, E. Midlands, S. Wales, Channel Islands

Cloudy, some rain, brighter later. Max. 11C (52F).

Shetland Islands

Mainly cloudy, rain later. Max. 6C (43F).

Elsewhere

Mainly dry, some showers, sunny periods. Max. 10C (50F).

Outlook for April: Changeable, *slightly more than average rainfall*, warmer than usual, fine later in the month.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	16	61	Lisbon	S	21	70
Amsdm.	F	11	52	London	C	9	48
Athens	S	17	63	Luxmbg.	R	6	43
Bahrain	S	30	86	Luxor	S	34	43
Barclna.	C	15	59	Madrid	S	21	70
Belfast	R	9	48	Majorca	S	18	64
Belgrd.	F	12	54	Malaga	S	23	73
Berlin	F	9	48	Malta	C	16	61
Biarritz	S	25	77	M'chstr.	C	7	45
Bmghm.	C	8	46	Melbne.	C	17	63
Blackpl.	C	9	48	Mex. C.	S	21	71
Bordx.	F	21	70	Milan	F	15	59
Boulgn.	R	8	46	Montreal	S	9	49
Bristol	C	10	50	Moscow	F	5	41
Brussels	C	9	48	Munich	F	10	50
Budpst.	F	11	52	Nairobi	C	23	74
B. Aires	S	25	77	Naples	F	17	63
Cairo	S	30	86	Nwcstl.	R	7	45
Cardiff	R	9	48	N. York	R	3	38
Cape T.	C	22	72	Nice	S	16	61
Chicago	C	3	38	Nicosia	S	21	70
Cologne	F	12	54	Oporto	S	21	70
Cpnhgn.	F	7	45	Oslo	C	6	43
Corfu	S	20	68	Perth	F	31	88
Dublin	C	13	55	Prague	F	8	46
Dbrvnk.	R	10	50	Reyklvk.	C	4	39
Ednbgh.	C	8	46	Rhodes	S	19	66
Faro	S	22	72	Rio J'o	R	30	86
Florence	S	17	63	Rome	S	18	64
Frankft.	F	11	52	Salzbrg.	F	12	54
Funchal	—	17	63	Singapr.	C	27	81
Geneva	R	9	48	Stckhm.	C	2	36
Gibrltr	S	20	68	Strasbg.	F	10	50
Glasgow	R	6	43	Sydney	F	21	70
G'rnsey	R	10	50	Tangier	S	25	77
Helsinki	Sl	1	34	Tehran	S	18	64
H. Kong	C	22	72	Tel Aviv	S	26	79
Innsbrk.	F	10	50	Tokyo	C	16	61
Invrnss.	R	11	52	Toronto	R	3	38
I.o.Man	C	7	45	Tunis	S	18	64
Istanbul	S	15	59	Valencia	S	25	77
Jersey	S	11	52	Venice	F	15	59
Jo'burg	S	21	70	Vienna	S	9	48
L. Plms.	S	20	68	Warsaw	C	4	39

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

Hopes for steel peace Continued from Page 1

of an estimated 10 per cent of its UK market shares, which stood at 55 per cent cent before the strike began.

The corporation expects to retrieve 4 or 5 per cent of that loss by the end of the year.

Mr. Sirs said the corporation could not claim a victory because the committee had increased the pay offer, but he conceded that it would not meet all the aspirations of his members.

He said the local earnings increases looked more achievable than before, and stressed that all job losses arising from an agreement would be voluntary.

At the same time he reminded the corporation that the unions, with TUC backing, would now move into a "second phase," to oppose the plant closures proposed by the corporation—at Consett, Co. Durham, and of parts of Llanwern and Port Talbot in South Wales.

The BSC is looking for 52,000 job losses this year, a third of the steelmaking workforce, from closures already agreed, further closures.

Mr. Scholey said the BSC could "live with" the committee's findings, and was pleased that it had taken the Corporation's problems into account.

"The main thing has been holding the line," he said. "Certainly we have some satisfaction in the feeling that the principle of keeping the national pay round in two parts has emerged intact."

He repeated the BSC's frequent warning that the strike and the consequent loss of market share had put even more jobs at risk, but would not speculate on numbers.

Lord Lever, said: "We made a judgment of what we thought would be in the interests of the industry as a whole."

He stressed that in selecting the figure the committee had acted in the interests of the workers as well as the BSC. The consequences for jobs had been central in deciding the figure.

Mr. Bill Keys of the print union SOGAT, the steel unions' nominee, agreed, saying: "That is the maximum we could go to."

City to study interest rate futures market

BY JOHN MOORE

A CITY working party has been formed to study the feasibility of establishing an American-style interest rate futures market.

The move has been prompted by the spectacular success of the interest rate futures contracts on the Chicago commodity markets in the past two years.

The working party, consisting of representatives from all sections of the City's commercial activities, will examine the viability of a new market. The market would in essence allow contracts to buy or sell securities to be made in advance based on contracting parties' view of future interest rate movements.

Futures contracts based on interest rates have the same purpose as traditional commodity futures contracts. If a farmer is worried that commodity prices are going to fall, he can purchase a futures contract and protect himself. The same idea lies behind interest rate futures, except that it is investors rather than farmers who aim to protect themselves from volatile movements in rates.

A 180-page report has already been prepared by the International Commodities Clearing House, the United Dominions Trust-owned organisation which provides the clearing services for the London commodity markets. It has two representatives on the working party.

The biggest obstacle facing the establishment of an interest rate futures market in London is the attitude of the Bank of England. The Bank said yesterday it could not comment until it had seen the working party's findings.

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